

Accolade Communications

The power trio: Leadership, trust & communications

"The first job of a leader – at work or at home – is to inspire trust. It's to bring out the best in people by entrusting them with meaningful stewardships, and to create an environment in which high-trust interaction inspires creativity and possibility," writes Stephen Covey Jr in *The Speed of Trust: The One Thing that Changes Everything*.

Trust has been called "the lubrication that makes it possible for organizations to work," the "oxygen" of an organization, an "operating system" and "the most important leadership skill of our time." Yet trust is eroding globally. To build trust, leaders must value its bottom-line benefits; show integrity, capability and benevolence; and communicate effectively.



Dominique O'Rourke
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10 ethical decision rules to bullet-proof your business

Many years ago I was shocked to learn that taking an ethics class is not mandatory in most business schools.

Surely, if we quantified the cost of ethical lapses like mortgage bundling, Enron, sexual harassment suits, etc. we would see that ethics are about the bottom line? Surely, we could understand that a proactive ethical practice can create value and help attract and retain employees?

Apparently, I am an incorrigible optimist.

Recently, I was chatting with a university finance professor who told me he wasn't sure there would be enough content for an ethics course lasting an entire semester. I couldn't believe it so I pressed on a bit. How could he say that when there are PhDs in ethics? He countered that it's really philosophy... not business. Undeterred, I asked him "couldn't ethics be taught along with critical thinking? Risk management? Decision making? Value creation for sustainability?" He seemed unmoved. For him, ethics seemed peripheral to business success.

At the heart of the matter is the perception that ethics is *just* "doing the right thing" or signing a code of conduct every year - sometimes more for the protection of the organization than the alignment of behaviours. Yet, ethics are a habit - a systematic assessment of all aspects of your business. They involve self-interest, risk assessment and economic efficiency as much as goodwill.

At a minimum, you should find ethical discussions at the board table, at senior management meetings, in human resources, risk management and public relations. Shouldn't there be a common framework that reflects the values of the organization to guide these discussions?

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10 Practices for Building Trust

"The Battle for Truth," and "Trust in Crisis," those are the conclusions of the 2017 and 2018 Edelman Trust Barometer - a 25-country survey of public trust in business, NGOs, government and media. While hand-wringing ensues annually from Davos to dinner tables, research in ethics, business strategy and economics provides valid trust-building practices that can reverse the trust erosion and create value for organizations. Going beyond inter-personal trust, these practices change culture and structure for greater results.

1. Commit to a rigorous ethical practice.
2. Communicate and live your values.
3. Set and reward long-term goals.
4. Use joint planning and problem-solving.
5. Define and uphold norms
6. Simplify: contracts, hierarchy, information & processes.
7. Communicate to create shared meaning, to declare your intent, to align goals & to provide context.
8. Invest in joint success.
9. Support boundary spanners.
10. Require excellence & integrity.



In 1995, Larue T. Hosmer published an article in the Academy of Management Review. *Trust: The connecting link between organizational theory and philosophical ethics*¹ synthesized ten decision rules established by the great moral philosophers that – when applied in sequence - provide deep insights for organizations.

By systematically taking into account these ethical rules, you can identify opportunities to build trust and create value for all stakeholders. The analysis doesn't need funding or elaborate strategies, just the discipline and the courage to start asking the right questions.

Wouldn't an exploration of these rules along with case studies (the news is full of them) be sufficient for business students? Don't these same questions create value for business leaders?

An ethical practice applies to every aspect of your business.

How do these 10 timeless ethical principles apply to your organization?

1. Self-interests (Protagoras)

Do your actions in the long-term serve your interests and those of the organization? Where does short-term thinking create pitfalls? Is immediate activity balanced with progress on long-term plans? Does compensation reward short-term performance and long-term accomplishments? Are funds frittered away at the expense of larger long-term investments? What could improve?

2. Personal virtues (Plato and Aristotle)

Are your actions honest, open, and truthful? Are there any actions you wouldn't want to see reported in the media? Do you report regularly on meaningful metrics? Do you share information freely? Do you encourage constructive feedback? What barriers exist to greater openness with all your stakeholders?

3. Religious injunctions (St. Augustine)

Are your actions kind? How do you treat your employees? Which policies could change to better support your employees?

Describe your community relations. What actions show kindness to your customers? Can you identify opportunities internally or externally to be kinder? Are there people or communities that need your services that you're not serving? How could this change?

"By systematically taking into account the legitimate interests of all stakeholders, you can identify opportunities to build trust and create value in your organization."



Ethical principles build trust & create value

4. Government requirements (Hobbes and Locke)

Are your actions legal? Are you complying with the bare minimum standards or do you strive to meet the full intent of legislation and regulation? Where is there room for improvement?

The 2018 Edelman Trust Barometer found that Canada is the most trusted country of origin in the world. Lisa Kimmell, president and CEO of Edelman Canada, explained that global trust in Canadian-based businesses is due in part to stable regulation, skilled labour and values. Does your organization uphold these?

When the province of Ontario brought in a \$15 minimum wage, did your organization adopt the intent of providing a living wage or did it cut elsewhere in employee benefits?

5. Utilitarian benefits (Bentham and Mill)

Do your actions result in greater good than harm to society? Do your operations cause harm in any way? Do your actions benefit many or few? How sustainable is your organization? What could you do to enhance wellbeing among employees, customers, communities and other stakeholders?

6. Universal rules (Kant)

Would you be willing to see others in a similar situation take the same actions you are taking? Take the perspective of an employee, a customer, a supplier, a partner or a competitor: Do you like how you're treated? What could change?

7. Individual rights (Rousseau and Jefferson)

Do your actions respect the rights of others?

How diverse is your board, your leadership team and your workforce? Are jobs and premises accessible for people with disabilities? Do you respect intellectual property and privacy? Do you respect the rights of all people in your supply chain? Where could this improve?

A focus on ethics absolutely does not preclude profit. In fact, it's central to your success.

8. Economic efficiency (Adam Smith)

Do your actions maximize profits - within legal and market constraints? Do you take into account external costs? Are employees engaged and eager to find savings and improve processes? Does everyone know how they contribute to results? What impedes maximum efficiency?

9. Distributive justice (Rawls)

Do your actions harm the underprivileged in some way? How are profits and rewards distributed? Does compensation reward team-work and long-term thinking or does it promote a "winner-take-all" culture?

How are promotions handled? Does your success alleviate or exacerbate inequities? Externally, are some profiting at the expense of others? Does the community benefit from your presence? Where do "fairness gaps" exist? How could they be addressed?

10. Contributing liberty (Nozick)

Do your actions interfere with the rights of others for self-development and self-fulfillment? Are employees being coached to their full potential? What development opportunities do you offer? How do you encourage uniqueness? Creativity? How could your organization contribute to the self-fulfillment of employees, customers, investors, or other stakeholders?



Start with 3 questions

Years ago, I led 12 cross-country town-hall sessions. We asked staff from the front-line to the C-Suite to answer:

1. What can I do to build trust?
2. What can my department do?
3. What can the organization do?

We identified recurring themes and consolidated feedback by department. Next year, each department had to tackle at least one aspect in their plans. It CAN be that easy.

Taking a deep dive on ethics not only builds trust within and beyond organizations. It can create new relationships, engage employees, improve processes, enhance organizational reputation, boost results and spark innovation.

These are not “soft” skills. These are bottom line imperatives. So why are we only giving lip-service to these critical dimensions of business?

An ethical “early warning system” is an important risk management tool that allows the organization to take steps early to address emerging issues.

Why would we ignore this ridiculously inexpensive approach that has potentially very high ROI? Is it too simple?

At the launch of the Canadian results for the Edelman Trust Barometer at the Toronto Board of Trade in February, panelists discussed the “crisis in trust” and the “battle for truth.” They talked about business leaders needing to be brave to address the erosion of trust in media, government, business and NGOs.

I don’t understand where bravery comes in. No one says risk management is brave. No one says innovation is brave. How are leadership, ethics, engagement and value creation “brave”? They’re just good business.

What we do need is urgency. The global trust crisis is a macro-level problem. It won’t be solved by interpersonal approaches to ethics and trust building. It will be solved by leaders setting the tone at the top by modeling and demanding ethical behaviour and putting in place formal and informal structures that build institutional trust at all levels.

[1] Hosmer, L. (1995). [TRUST: THE CONNECTING LINK BETWEEN ORGANIZATIONAL THEORY AND PHILOSOPHICAL ETHICS](#). Academy Of Management Review, 20(2), 379-403. doi:10.5465/AMR.1995.9507312923



Dominique O'Rourke, MA
Founder

About Accolade Communications

Do you want to build trust in your organization or with key stakeholders? You'll have to research, listen, communicate and be willing to change.

A seasoned public affairs veteran, Dominique has worked with public, private and non-profit organizations for more than 20 years providing guidance on everything from crisis communications, issues management, media and government relations to corporate social responsibility and reputation management. Beyond an impressive track record, it's her extensive research on inter-organizational trust and focus on business results that really set her apart.

Contact dominique@accoladecommunications.ca to explore how building trust and strategic communications can help you tackle your trickiest organizational challenges or visit www.accoladecommunications.ca to find out more.

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