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Maximizing Public Trust in Public Institutions

by Christopher Wenk
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The latest National Workplace Ethics Survey, released by The Ethics Resource Center (ERC), indicated just 20% of the American public had trust in the business community. However, in many ways companies are more involved in doing public good than ever before. The ERC, a U.S.-based research organization, and the U.S. Chamber of Commerce's Business Civic Leadership Center jointly hosted a conference in Washington, DC to address the challenge of building public trust, both internally and externally with the community at large.

The passage of the Sarbanes-Oxley Act in the United States significantly changed corporate governance. Michael Oxley, former U.S. Congressman and co-architect of the legislation, explained the objectives behind the Act and how it has changed the corporate governance landscape. Although the Act has done much to make companies more accountable and transparent, most of the discussion revolved around what companies can do themselves to conduct business more ethically.

Pat Harned, President of the ERC, was interested in discussing what companies are doing well. Many CEOs are reluctant to talk about their companies' ethics programs, Harned said, for fear of leaving themselves vulnerable to attack. However, those companies who are more outspoken are often viewed as the most ethical and most trustworthy.

A number of representatives of the business community offered their perspectives on how their own companies are confronting corporate governance and business ethics. A senior manager of Corporate Responsibility at Verizon Communications said his own company's approach involved "engendering trust more organically." In addition to evaluating company decisions against its own internal values, Verizon is also active in engaging the communities in which it works.

A common theme among the panel of experts was that the much-touted "tone at the top" really means nothing to an ethical corporate culture if it is not backed by actions. Strong corporate values must not only be firmly established among the top executives, but also must be filtered down within the operations of the business. If employee incentives are not aligned with the overall corporate values established at the top, there will be a breakdown in the system. Julia Sutherland, Managing Director at the corporate communications firm Public Strategies, said that if an employee is being told by his or her manager to meet certain goals, the directives coming from the corporate social responsibility (CSR) manager will mean nothing if they are not aligned with basic business operations. The worst thing a company can do, Sutherland said, is "walling off ethics and compliance," or the CSR department. Company goals and values must be integrated.

Accountability to the company's own employees is also key to establishing trust, said Michael Hershman, President of The Fairfax Group, LLC. Treating employees with dignity and respect is part of creating value for an important group of stakeholders. One piece of advice Hershman said he offered his own clients is that before making business decisions, executives should ask themselves whether they could explain that same decision to their families with a clear conscience. One of the problems Hershman described in a company's structure is that employees are not the ones who judge a CEO's performance. This is an explanation for why CEOs tend to consider opinions of the Board of Directors first. Additionally, few boards of directors factor in ethics and compliance issues when evaluating a CEO's performance, so there is little incentive in this regard for a CEO to put a high value on ethical behavior. Despite these problems, if a company is serious about gaining public trust, considering all groups of stakeholders in strategic planning, outside of company shareholders, will be crucial.