

AIMING HIGH

RENEWING TRUST IN A TIME OF SUSPICION



Centre for Ethical Orientation

May 2003 Toronto



Copyright © 2003 Centre for Ethical Orientation. All rights reserved.
This document may not be reproduced in whole or in part, or
transmitted in any form without written permission.

Centre for Ethical Orientation
46 Berryman Street, Toronto, Ontario Canada M5R 1M6

Additional copies may be purchased through www.ceo-ethics.com.

Publication sponsored through the generous support of:



McKinsey & Company



Cover illustration by Blair Drawson

Table of Contents

What have we done? .....	.04
Who is CEO? .....	.05
Consultation Participants .....	.06
Executive Summary .....	.07
Why did we do it? .....	.09
1.0 Situation Analysis	
1.1 Overview	
What did we learn? .....	.13
1.2 Key Findings	
1.3 Insights Towards a Trust 'Balance Sheet'	
What are the causes? .....	.17
2.0 Factors of Disintegration	
Why does this matter? .....	.21
3.0 Dangerous Denials	
3.1 Losses and Costs	
3.2 Three Degrees of Separation	
What does this truly mean? .....	.27
4.0 Definitions and Dynamics	
4.1 What are the Ingredients for Trust?	
4.2 How is Trust Made?	
What are the workable conclusions? .....	.31
5.0 Schematic Conclusions	
5.1 Arcs and Trajectories	
What actions can we take? .....	.37
6.0 Practical Steps to Co-Create Trust	
6.1 The Building Blocks	
Where do we go from here? .....	.53
7.0 Recommendations towards Reintegration	
7.1 For Society	
7.2 For Organizations	
7.3 For Individuals	

What have we done?

Trust has been called society's capital – the basis for engagement that creates the confidence to undertake normal, everyday interactions, and over the long-term shape the future. Numerous events across virtually all sectors of society seem to be taking their toll on this national confidence, not only decreasing deference towards persons and institutions of authority but also cutting to the credibility of some of the most cherished values contributing to Canadian identity. In this time of upheaval from scandal and uncertainty, the Centre for Ethical Orientation, (CEO) with sponsorship from CIBC, has led a multi-faceted investigation into the state of trust in Canadian society. The findings and conclusions at the heart of this report have been derived from four proprietary investigations:

1. A literature search and anthropological dig to define the terms and current dynamics of trust.
2. Thirteen focus groups in Toronto, Montreal, Kitchener and Vancouver (in-field during September, 2002) to explore perceptions and trends regarding trust in Canada.
3. A quantitative national study involving 2,000 respondents (in-field during October, 2002) probing in-depth beliefs, attitudes and behaviours regarding the credibility of organizations.
4. Twenty-five one-on-one interviews with private sector, public service and NGO (non-governmental organization) leaders to gauge impressions about trust from among those who shape public opinion.

Who is CEO?

The Centre for Ethical Orientation was founded by author John Dalla Costa in 1996 as a for-profit consultancy dedicated to advancing a global ethic for the global economy. Working with a range of public and private sector clients, CEO has been active internationally in setting terms for ethical excellence in governance, executive leadership, management and communications.

Since 2002, CEO has evolved a three-way collaboration including the managerial and international experience of Jim Allen and Carol Faull. In addition to managing the trust investigation and authoring this report, CEO has developed models and resources for practical programs to discern and renew organizational credibility.

www.ceo-ethics.com

Consultant Participants

Charles Baillie

Chairman & CEO
TD Financial Group

The Honourable Ed Broadbent

Canadian Democracy and
Corporate Accountability
Commission

Dr. Peter Carr

Executive Director
Centre for Innovative Management
Athabasca University

Duff Conacher

Coordinator
Democracy Watch

Dominic D'Alessandro

President & CEO
Manulife

Thomas d'Aquino

President & CEO
Canadian Council of
Chief Executives

Peter Dey

Partner
Osler, Hoskin & Harcourt

Philippa Foster Back

Director
Institute of Business Ethics
I.B.E. (U.K.)

Margot Franssen

President and Partner
The Body Shop

Richard L. George

President & CEO
Suncor Energy Inc.

Dr. Anne Golden

President and CEO
Conference Board of Canada

Allan Gregg

Strategic Council Inc.

Peter Harder

Deputy Minister
Department of Industry

Patrick Johnston

Former Director
Canadian Centre for
Philanthropy

Frances Lankin

Chair
United Way
of Greater Toronto

Mary Jo Leddy

Director
Romero House

Nick Le Pan

Superintendent
OSFI

Roger Martin

Dean
Joseph L. Rotman School
of Management
University of Toronto

David Nitken

EthicsScan Canada Limited

Charles Pascal

The Atkinson Charitable
Foundation

Susan Piggott

CEO
St. Christopher House

The Honourable Bob Rae

Partner
Goodmans

Reverend Dr. Ted Reeve

Director
Toronto School of Theology

Ed Waitzer

Chairman
Stikeman Elliott

Lee Eric Weissling

Corporate and International
Relations Manager
Centre for Innovative
Management
Athabasca University

Executive Summary

- The experience and practice of trust in Canadian society has taken a battering, with a vast majority of Canadians sensing a troubling decline that cuts right to our identity as Canadians.
- While scandals have played a role in heightening suspicion, these largely only confirm a more profound and longer-term breakdown. Trust has been diminished in large part because systems of organizational change in both the private and public sectors have left people feeling diminished.
- Relationships with organizations and institutions are less trusting because Canadians feel they have less and less voice influencing policy, strategy and decision-making.
- Day-to-day indignities like auto-attendant answer systems make people feel like human considerations are completely secondary to those of economics and efficiency. Even while appreciating convenience, there is a sense of lost connection and mutuality.
- For many people, loss of faith relates to the perception that those in positions of power or authority largely escape accountability, taking decisions without fully appreciating human consequences.
- The shrinking of trust corresponds to a shrinking of hopefulness. Canadians accept the pressures of globalization and restraints of fiscal prudence, but the almost exclusive focus on affordability has so constrained expectations that we now face a “despair from pragmatism” – an assumption that the only thing worth doing is what can be afforded.
- As trust within society declines there is a tendency to ever more aggressive individualism or isolation. More and more national discourse seems to be by “crossfire,” with atomization making it very hard to forge Canadian solutions to issues like Kyoto or healthcare.
- Trust is very important to Canadians. Most consider this a core value of national identity and are hopeful that some leader or issue will cause a reversal in the rapid spread of disintegrating suspicion.

- The keys for renewing trust are based in relationship: seeing and hearing the individual human being; responding with genuine care and respect; delivering what is promised.
- On a societal basis, trust's renewal requires more formal structures of relationship in which the voices of many stakeholders are engaged in defining the terms of governance, guiding performance, setting measures and participating fully in outcomes and consequences.
- At heart, trust is not a value but the outcome of values - the expectation that some promise will be fulfilled in the future. To revitalize trust means that we must re-legitimize hope, going beyond the functional dynamics of policies or programs to connect to the larger story of society's purpose and potential.
- The most frequently mentioned antidote for suspicion is integrity. As hard to define as trust, integrity involves coherence between principles and behaviour - the consistency between word and action that suggests the whole human being is present in decisions and fully open to input and consequences. While a common aspiration we also found that the operating definition for integrity is often incomplete, particularly as this relates to organizations and governance.





Why did we do it?

As essential as oxygen, trust is the commonly-created and commonly-held asset by which we live and practice our utter and inescapable dependence.

1.0 Situation Analysis

1.1 Overview










It cannot be a surprise that the state of trust in Canadian society has deteriorated. On a host of fronts we have been exposed to shocking abuses or excess that not only violate confidence but also call into question the character of the very entities entrusted with the public good. Politicians and stock analysts, peacekeepers and clergy, jury members and hockey coaches, police and water-quality managers, teachers and others have been among those who have betrayed the obligations of their station. In this environment of an all too democratic impropriety it has become prudent to be mistrusting - and even smart to be cynical.

-  8 in 10Canadians agree distrust is growing.
 -  90%agree there is a worldwide decline in trust.
 -  88%agree it takes more to earn trust today.
 -  87%agree people are less trusting than in the past.
- % ranking 8 out of 10 or higher

A crisis in trust activates both a decline in public hope and an increase in personal fear, compounding division and complicating the project of creating common purpose.

While suspicion serves as a practical caution no human being can live fully - and no society can flourish - without trust. Virtually any activity in every moment of personal or public life operates on a dense infrastructure of trust. And virtually any breakdown risks serious consequences for the health, productivity, and well being of people and communities.

% Canadians Indicating They Are Very Concerned With These Issues

- | | |
|--|---|
|  75% .....Universal health care. |  62% .....Personal security / safety. |
|  73% .....Respect for human rights. |  52% .....Corporate ethical behaviour. |
|  72% .....Quality public education. |  49% .....Homelessness. |
|  66% .....Environment. |  35% .....Multiculturalism. |
|  63% .....Freedom of speech. | |

A foundational social dynamic, trust is rarely the most visible or important public concern. The competitive stresses of globalization, threats from environmental degradation or terrorism, and difficult questions about healthcare, national unity, immigration and education are more clear and

urgent priorities. Of course, each of these issues draws or depends upon our national reservoir of trust, and in their working out illustrates the strengths or inadequacies of public confidence and common purpose. Fissures in trust are recognized as alarm bells, particularly as they affect participation in democratic processes or confidence in markets. However, the consequences of endemic suspicion are graver still because the ripples affect our confidence and efficacy in the innumerable spheres and decisions by which we address the problems of the present to shape the possibilities of the future.

-
- We've moved from a "community" culture to a culture of "self-interest"
 - "Success is judged by personal wealth, accumulation of goods and power instead of the community good"
 - "Egoism is becoming more than just a fact of life, it is now a legitimate moral perspective"
- Anthropological Study on Trust, In-Sync
-

Most people would agree that trust is important, and that its fraying is disturbing. Yet few Canadians have invested very much interest in exploring its implications or renewal. And few if any leaders in society have stepped forward to give trust profile and priority. The issue of trust is especially tricky for Canadians. Seven out of ten are convinced that trust is constitutive to Canadian identity,¹ a critical part of our heritage, a source of differentiation versus the United States, and a resource for our most important social achievements, including universal healthcare and multicultural tolerance. We think - and would like it to be thought of us - that trustworthy is a synonym for Canadian. The reality is more ambiguous, not only because our national myths have been punctured, as when peacekeepers tortured the Somalians they were entrusted to protect, but also because the foundations of our collective understanding and belonging are uniquely fragile.

Reasons for Business Scandals

- 82%Greed is a motivator.
 - 80%Over-focusing on economic performance vs. contribution to society.
 - 76%Executives too far removed from the implications of their decisions.
- % ranking 8 out of 10 or higher
-

In his study of trust Francis Fukuyama argues that such "social capital" is "usually created and transmitted through cultural mechanisms like religion,

"Trust is a precious and fragile entity. It requires conscious nurturing and warrants being guarded with care as its presence has boundless benefits and its loss regretful consequences."

In-Sync

tradition, or historical habit."² As a multicultural society Canada may be seen as a particularly heavy user of social capital, basing tolerance on trust, and accepting difference as some willingness to suspend what are often deeply entrenched historical, cultural or religious differences. The point is not that diversity threatens or makes trust impossible. Quite the contrary, this is both Canada's great potential and its ultimate promise to the rest of the world. The issue is that our current tolerance has been largely derived from the social capital investments of previous generations and we have not yet begun to engineer or pour the trust pylons for our diverse and complex new reality. In this time of corporate competitive pressure, seemingly frozen regional tensions, and ever-more complex global pressures and threats, we seem to have more and more reason to be suspicious without yet having the habits or heritage for co-creating the more robust and sophisticated trust to embrace distinct and valuable differences.

- 70% Trusting is a key part of what it means to be Canadian.
 - 66% Canadians are more trusting than Americans.
 - 56% Canadians are more trustworthy than Americans.
- % ranking 8 out of 10 or higher

The purpose of this project is to bring trust to the public agenda, to raise understanding for the causes behind the factors that have spread suspicion, and to suggest ideas or programs for investing in this national social capital. Drawing on unique, commissioned research and a wide range of resources, this study reflects the Canadian reality of 2003 and seeks a workable framework for restoring the credibility of public institutions, corporations, not-for-profit organizations and leaders. While the facts and lessons are real, and solutions strategic, an issue of such scope as trust defies easy or single resolution. The goal is dialogue, recognizing that we all have a stake in our society's values, and that we all have a role in defining trust and contributing to its investment.

What did we learn?

“The natural binding forces that have fostered trust have been replaced by forces that reinforce our individualistic tendencies.”
 Patrick Johnston,
 Former Director
 Canadian Centre for
 Philanthropy

1.2 Key Findings & Insights

- On what must be regarded as a staggering scale, nine out of ten Canadians believe strongly that trust is in decline throughout society.
 Trust & Business Ethics Quantitative Study p.41
- Among the causes for this sharp rise in suspicion are what people regard as a trend to ever greater focus on individual concerns and priorities.
 Anthropological & Qualitative Investigation pp. 15-20
- An immediate consequence of this growing mistrust is disconnection, a sense that we are too busy - responding to pressures that force us more and more to look after ourselves – to engage with others.
 Trust & Business Ethics Quantitative Study p.41
- Greed is generally regarded as the most disturbing consequence of this social trend and is assumed to be the motivation for many of the scandals that have plagued public and private sectors.
 Trust & Business Ethics Quantitative Study p.77
- Always a risk, there is a sense that individual, institutional and societal greed is now more insidious for being normalized, for having “many names” including “stock options,” “shareholder value,” “competitive advantage” and “not on my street.”
 Anthropological & Qualitative Investigation p. 39
- While high profile transgressions of the public good have confirmed the validity of suspicion, these surprisingly are not the root causes for mistrust. For the most part, the depletion of trust has been by a “thousand cuts” over the course of a decade characterized by “lean and mean” restructuring in government, within corporations, in the economy and in society at large.
 Trust & Business Ethics Quantitative Study p.77
- One of the most important factors in creating or sustaining trust is reliability, including assurance of performance, quality and value – the most basic alignment of action to words. It is exactly on these dimensions of everyday expectation that trust has been most frayed, as services and commitments have become unpredictable, inaccessible or disrespectful.
 Trust & Business Ethics Quantitative Study pp. 48, 60, 73

- While measured empirically, trust is as much emotional as rational, involving comfort as well as confirmation, and the experience of dignity as well as tangible proof. Suspicion has been aroused because people feel less welcomed, less respected and less valued in interactions with institutions or services.

Anthropological & Qualitative Investigation p. 39 | Consultation Participant Interviews

- Trust is grown or lost in relationship, and the slow bleeding has occurred on the intimate human scale often neglected in the focus on big issues such as globalization, competitiveness and the new economy. These personal-level injuries or betrayals include:
 - The loss of voice in political discourse or corporate decision-making, deepening alienation.
 - A gnawing sense of public impotence in that the problems of society (healthcare) or communities (homelessness) seem beyond anyone's capacity to address effectively.
 - A carelessness (care/less) in the way restructuring has been implemented or successes shared, confirming the sensibility that people do not matter and everyone is in it only for himself or herself.
 - Dehumanization from new technology, especially as it downloads service or problems onto customers or citizens, or channels people like cattle into frustrating or impersonal queues like auto-attendant phone answering systems.
 - Fatigue with change, particularly as few of the promised benefits from past renewal or restructuring efforts seem to have been realized or shared.
 - Frustration with complexity, especially with the technical jargon of experts and specialists that hampers accessibility and participation.
 - A belief that cost or economic considerations are now so dominant as to exclude other voices or interests for investment in the public good.

Anthropological & Qualitative Investigation pp. 25-46 | Consultation Participant Interviews

- Disrespect in any interaction feeds mistrust. The public and corporate push on efficiency has very often delivered productivity at the expense of deliberate, respectful and responsive interaction.

Consultation Participant Interviews

- Beyond relationship, there is also an important spatial aspect to trust making. The degradation of public space – from corporate names on hockey shrines to rusty guard-rails on roadways – distorts the environment for

“Most people will self regulate their behaviour to their values if given the chance. The issue is that we are increasingly not thinking of the system-wide implications of our actions while the traditional sources of our collective thinking on values have been weakened.”

Roger Martin

Dean

Joseph L. Rotman School of Management

University of Toronto

engagement, diminishing co-ownership, pride-of-belonging and security.

Consultation Participant Interviews

- Among the leadership factors that have most depressed the public trust are the failure to articulate compelling and viable vision, and a general evasion of accountability. *Trust & Business Ethics Quantitative Study p.63*
- Beyond broken promises, people feel that leaders in all spheres are too removed from the human and social impacts of their policies and decisions. *Trust & Business Ethics Quantitative Study pp. 60-78*
- The trust drain also reflects a widening rift between people with power and the public they are responsible to and for. While public and private sector leaders acknowledge that society's increasing suspiciousness is problematic, they tend to regard trust with much less priority and urgency than average citizens or customers.
- Exacerbating this gap is the sense that all public discourse is now an exercise in marketing, intending not so much dialogue as persuasion, seeking not so much resolution as perceptions of progress. Trust has fallen as truth has been used as ping-pong in a competition of selling strategies. *Consultation Participant Interviews*
- It is not surprising that people crave leadership, but this disenfranchisement also speaks to a more basic cry for human access and sensitivity - for being seen and heard, and for relating as fully rounded persons to those entrusted with the public good. *Trust & Business Ethics Quantitative Study p.63*
- Canadians are shifting their expectations to the degree that our "high trusting" society is increasingly behaving as "low trusting." While a majority still enter encounters extending trust, a growing number – more than four in ten - now operate with automatic suspicion, expecting the worse and extending trust only cautiously or in fragments as warranted or earned. *Trust & Business Ethics Quantitative Study p.45*
- Being Canadian, people remain politely hopeful that things will improve, that leaders and institutions will re-earn the public trust. This points to a double paradox in which the public is more concerned about the deterioration of trust than its leaders, and yet also more hopeful than leaders that things can get better. *Trust & Business Ethics Quantitative Study p.41*

1.3 Insights Towards a Trust ‘Balance Sheet’

Trust is foundational yet largely taken for granted - a value that is moral as well as relational, discerned by both reason and emotion, operating on the large scale of history within the movements of human society, and on the small scale of our most important and intimate relationships of love and friendship. Trust is an economic variable affecting investment and bottom-line performance, and a personal variable defining character and reputation. The whole complex web of society and culture rests on trust, and indeed any society or culture is directly shaped by its beliefs, assumptions and expectations regarding the push-pull between trust and suspicion. Our findings suggest not only the state of trust – which is deteriorating – but also reference points for understanding the factors that have undermined confidence and cohesion, or that in the Canadian context contribute to social capital.

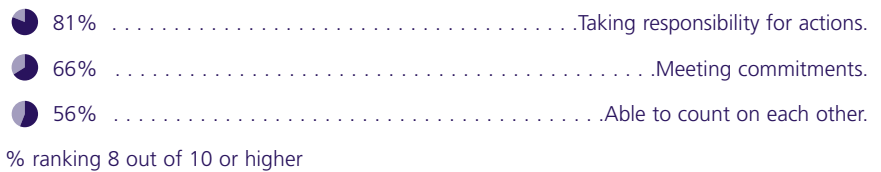
TRUST FACTORS IN A BALANCE SHEET	
Trust-Breakers	Trust-Makers
<ul style="list-style-type: none"> ○ One-sidedness in discourse or action. ○ Words divorced from deeds. ○ Expediency: “What’s best now?” ○ Disrespectful encounters. ○ Disproportionate advantage. ○ Fear prompting withdrawal. ○ Tyranny from only what is practical. ○ Exclusion of those who do not agree. ○ Rigid, immovable positions. ○ Short-term as the only-term. ○ Policy by “divide and conquer.” 	<ul style="list-style-type: none"> ○ Fairness in access and outcome. ○ Walking the talk. ○ Principle: “What’s the aim?” ○ Basic human dignity. ○ Generosity to compensate for asymmetries. ○ Hope inspiring engagement. ○ Aspiration for what is possible. ○ Participation of divergent voices. ○ Movement through dialogue. ○ Memory applied to shaping the future. ○ Ethics of belonging and inclusion.

What are the causes?

2.0 Factors Of Disintegration

Trust is easy to understand yet fairly hard to define, involving moral, social, personal, practical and cultural experiences. At its most basic, trust is the expectation that a promise or commitment will be fulfilled in the future. While a contract defines and matches specific reciprocities between parties, trust operates organically in the often asymmetrical give-and-take of relationship. Contracts specify obligations. Trust enables belonging and participation. Contracts encode and balance protections and penalties. Trust operates as a willing dependence. No one disputes the value of trust, and everyone bemoans its diminishment, yet surprisingly little personal or organizational commitment is expended in managing this indispensable “social capital.”

% Canadians Agreeing that the Following Factors Build Trust



As an asset, trust is subject to its own balance sheet, operating in the space between how it is drawn down and how it is built up. In our current context we have identified five especially pronounced deficits – factors contributing to or compounding the deepening of suspicion and the retreat of trust.

1. Loss of Ideals:

The “despair from pragmatism” has been constraining our social imagination just when problems and limitations require the genuine innovation inspired by what can be.

Trust is created by realizing something both tangible and expected, while mistrust flows from broken promises, from a disconnection between word and deed. As both a moral and emotional bond, trust involves attitudes, practices and – importantly - aspirations. The current state of diminished trust implies a corresponding diminishment in confidence towards the future. The focus on affordability or return-on-investment, while prudent and necessary, has become so dominating that any idea or ideal that is not immediately practical has become suspect. This now rigid and exclusive priority on doability has created an existential imbalance that thwarts Canadians’ confidence to dream about collective possibilities. We have become so focused on managing fiscal limitation that we have lost trust in our ability to manage new social potential and community possibilities.

2. Loss of Face (to Face):

Trust is a property of relationship. In our current reality, particularly in the way individuals relate to institutions, relationship is increasingly intermediated. Call centers are regarded as “wall centers,” generic access points that are often far-removed from the decision-makers. Similarly, auto-attendants or automated tellers provide convenience without necessarily deepening engagement. Even the now ubiquitous “Frequently asked questions” (FAQ’s) have in many instances added to the isolation by assuming to cluster and automate customer needs without actually enabling personal access or service. Part of the issue is that we have adopted technology for its information or efficiency without fully attending to the possible dehumanizing consequences. Another part is that in our busyness we no longer have the time for personal acknowledgement or courtesies. Increasingly, we connect only for transaction and not interaction.

“The notion of trust grows the more that we take into account the dignity of the other person”
 Hon. Ed Broadbent

● 80% of Canadians sharply agree that there is an over focus on economic performance rather than total contribution to society.

3. Loss of Fairness:

One of the key features of Canadian identity that relates to trust is a comprehensive commitment to fairness. Most people have common sense and recognize that new structures, systems and compromises are necessary. But many also sense that the public good – which is the guarantor of fairness – is now almost completely secondary to issues of economics. Again, principle is trumped by too-narrow a pragmatism, but in this case with the conviction that the burdens are not equally shared, with benefits increasingly accruing to the “haves” while the sacrifices or exclusions increasing fall to the growing number of “have-nots.” The normalization of unfairness fuels and substantiates suspicion because it directly calls into question the consistent outcomes or hoped-for expectations that make trust valid.

● 43% of Canadians sharply disagree that CEOs and senior executive management are generally trustworthy.

● 76% of Canadians strongly agree that executives are too far removed from the implications of their decisions.

“We have to a degree adopted a branch-plant morality, implementing unfair policies with the justification that the decision – involving globalization or competitiveness – has been made for us.”

Mary Jo Leddy
Director
Romero House

4. Loss of Responsibility:

The gap between leaders and citizens or consumers is stark. Nearly half of Canadians regard business leaders as untrustworthy. When decrying a loss of accountability, Canadians are expressing both an impotence and quiet outrage towards what are regarded as abuses of power. Too often accessibility is stage-managed. Rather than engagement, people experience the indignity of not being truly heard, acknowledged or responded to. The deafness of leadership is manifest not only in decisions that often seem exclusively self-serving, but also in their reactions to ethical impropriety or excess. Political and business leaders have responded to scandal and suspicion by defining for themselves the terms of transparency and disclosure. They have also self-set the systems for measuring and reporting on obligations. As a result the very process of addressing suspicion by leaders has reinforced for many the disconnections that deepen mistrust.

5. Loss of Fullness:

Belonging is held by community, co-defined and co-managed so as to both enable individuals while enhancing the whole. Much of our discourse, particularly relating to critical issues of national identity, economic performance or community building, is characterized by “crossfire.” Whether dealing with Kyoto or homelessness, gun registry or immigration, the debate proceeds from pre-established positions that reflect ideological, political, regional or jurisdictional differences. Such divergence is to be expected, but what erodes trust and frustrates participation is that for the most part such positions have assumed dimensional thinness and unmoving rigidity. With bickering consuming almost all the bandwidth for discourse we are left with caricatures for what to avoid or reject or blame instead of clarity and creativity for co-operation.

 61% of Canadians sharply agree that Canadians are less involved in civic behaviour such as volunteerism.

Even while bemoaning the growing suspicion, most Canadians remain hopeful, with 43% expecting some crisis, opportunity or leader to restore our practices and orientation towards trust. At heart, when they pause to think about it, people desire a more trusting civic and economic engagement. There is an all too human inclination to blame others, yet respondents were also aware of a shared complicity, Canadians withdrawing from direct participation in

voluntary organizations and political activity. While financial contributions to charities and non-governmental organizations have increased in the last decade, the number of volunteers in that period has declined by one million across Canada. More and more we practice community building through our wallets, which is admirable and important, but which also forsakes the immediacy and intimacy of human encounter. The spiral of disconnection - of growing suspicion - is accelerated by experiences of disappointment and disrespect, and yet also involves our personal priorities and choices.

Ironically, the ethical lapses that have so dissipated the public trust have not occurred in the absence of codes but despite them. For the most part, while codes were in place to provide ethical guidance in many public and private institutions people have had little time or experience exercising their practice. As a result ethics codes have remained peripheral to decision-making. In some cases such codes have been merely cosmetic. In other cases the codes are so generic as to be irrelevant. While not all organizations or companies have codes, many that do have anchored ethics in an enclosed set of values. Some business leaders still ask for the business case supporting ethical conduct. Since people take their cues from leaders, the seriousness or commitment towards codes has been framed by this enclosed or conditional adherence. Now that the costs of suspicion to reputation and operations have become clear, people are again advocating ethics codes as a preventative. Essential though they be, such codes are also clearly not enough.

"Moral reflection for anyone is difficult, especially in the hurried circumstances of business where people are rewarded for their quick decisions based on value – not necessarily values."

Ed Waitzer

Chairman

Stikeman Elliott

Why does this matter?

Common purpose is also vital to refine Canada's economic competitiveness, and take leadership in spheres of research, education, environmental stewardship and the arts.

3.0 Dangerous Denials

Not yet irreversible or fixed, the evidence nevertheless suggests a marked change in national sensibility from “high trust” to “low trust.” This is significant for the obvious reason that any expansion of suspicion upsets the delicate national equilibrium between centripetal common interests and the historical centrifugal claims of regions and cultures. The hardening of mistrust entrenches alienation. Another reason for concern is that today's national agenda and future challenges are already fraught with grave risks. Difficult decisions or compromises may well be required to preserve and restructure healthcare, revitalize the military, address new obligations to meet threats from terrorism, advance peacekeeping, and fulfil treaties with Canada's First Nations. Few options, as with bio-genetics or intellectual property rights, are easy or clear-cut. If suspicion prevails, already burdened debates or disagreements will more readily degenerate into the isolation of silos. Genuine dialogue, involving a genuine openness to new possibilities and a genuine respect for difference, requires a foundation of trust. The double consequences of greater suspicion are alienation and an undermining of innovation.

- 84% of Canadians strongly agree that there is increased levels of cynicism in society today.
- Trust & Business Ethics Quantitative Study results indicate that senior managers are less open to make changes, less likely to listen to others and have a less clear sense of their own accountabilities than is true for employees.

Trust & Business Ethics Quantitative Study p. 61

“Transparency is a tactic, not a solution. For transformation we must be honest about what we don't know and realize that our critics represent a necessary complement.”

Reverend Dr. Ted Reeve
Director
Toronto School
of Theology

In many ways our political and corporate bodies seem to be stuck in a video replay loop. Respondents observed that the endless analysis and consultation about healthcare simply repeated themes and proposals from earlier studies and confirmed the calcification and impotence of leaders in actually addressing them. Autopilot ideologies have begotten autopilot responses to problems or challenges. This repetitiveness has hardened divisions, foiled vital participation, and reinforced suspicion. While shocks from scandal or impropriety in almost every sector have disturbed the public confidence in its institutions and leaders, what is perhaps most disturbing is that this precipitous erosion of trust has provoked such little concern or serious debate. Rather than social soul-searching Canadians are settling for suspicion as the operative norm for commercial and public service interactions. Rather than attack unethical excess, or fashioning a meaningful dialogue for social renewal, Canadians are increasingly withdrawing into a belligerent acceptance of the status quo,

expecting those with power to abuse their station and feeling more and more justified in responding with defiance.

● 67% of North Americans have considered punishing a specific company they view as not acting responsibly.

EnviroNics International Poll 8/01

Trust facilitates connection, deepens engagement and contributes to both integrity and integration. Mistrust aggravates disconnection, defeats engagement and contributes to a social and personal experience of disintegration. Trust grows participation. Mistrust reinforces exclusion. Trust signals a willingness to risk aspects of ourselves in the assurance that others will deliver their promises to us. Suspicion signals anger from having been disrespected.

When Canadians Mistrust Companies

- 65%do not recommend the company's products to others.
 - 63%no longer do any business with the company.
 - 76%do not enter into new relationships with the company
.....for additional products and services.
-

3.1 Losses and Costs

In his book on the competitive advantage of nations, Michael Porter argues that societal bonds and parameters of trust are key factors for thriving in an economy of rapid change and dynamic uncertainty.³ What we found in our study is that while we in Canada have focused largely on reigning in fiscal deficits we seem to have created and compounded a “trust deficit,” adding new frictions to our interactions and – as with the roll-back of privatization in electricity markets - burdening competitiveness with tons of suspicion and disconnection.

There are obvious costs to this spreading liability. The hard costs include the terrible wealth squandered through fraud, impropriety or incompetence. These can be in the billions, as with Bre-X or the missing documents and dollars at HRDC. But even when significant, these costs are but the tip of the iceberg. Companies will be spending millions of dollars to fulfil the compliance requirements of new regulatory structures, such as the Sarbanes-Oxley legislation in the U.S. that imposes CEO

Canada seems to be losing the benefits and confidence of coherent values, and rapidly accumulating the disadvantages and suspicions of disintegration.

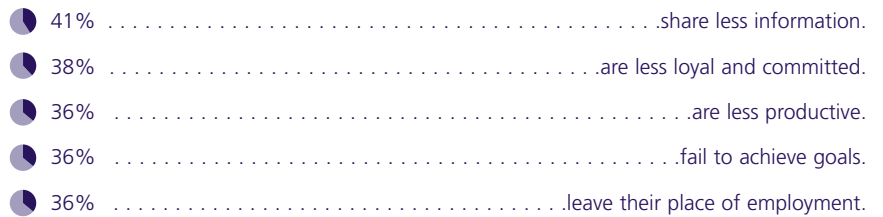
accountability. Millions more will be paid out in settlements or suits or lost opportunities to deal with the suspect intentions or poor supervision.

“51% of North American consumers have actively “punished” companies for ethical or values disconnections.”
 The Millennium Poll.
 Environics International
 1999

A study from the Fall of 2002 found that a majority of white-collar workers in the United States no longer trusted their organization’s senior management and for the first time would be open to some structure for collective bargaining or rights. Another study in Canada asserts – shockingly - that one in four workers have witnessed or participated in company decisions or actions that violate ethics codes or values.⁴ As a result of this disconnection, organizations face significant costs in defining accountabilities, structuring compliance, monitoring and measuring outcomes. Increasingly the costs are not only to gauge performance, but also to determine how that performance was realized. Already North American companies are spending hundreds of millions of dollars in surveillance, using technology to track phone and Internet usage, actual movements within offices (to chip-embedded security cards) and even key-strokes. As with airport-security, suspicion extracts a huge cost in material and time.

“42% of employees reported that a company’s reputation for ethical integrity played a direct role in deciding whether to work there.”
 Walker Information
 1997

When Canadians Mistrust



While managers increasingly scrutinize their workers, the public, employees and customers are increasingly suspicious of organizations and their leaders. In such a reality of mistrust it becomes much harder to attract the commitment and loyalty of discerning people. All transactions and interactions become more expensive. The friction from suspicion requires more information and deliberation to win a sale, adding to what economists call “transaction costs.”⁵ As marketing is less and less credible, the efforts and exertions to engage customers and prospects become both more onerous and costly. In industry after industry the power of brands has been diminishing and customer loyalty –which expresses trust – has been in freefall.

Soft costs are also expensive, harder to quantify but equally corrosive of efficiency or productivity. Soft costs include the loss from participation, not only having to confront the resistance of apathy or the hardened suspicion of exclusion but also in the forsaking of the contribution, innovation and commitment of those who no longer feel that they belong. Alienation undermines democracy. It also nourishes the isolating ethos that justifies generally law-abiding citizens to steal software or copyrighted material on the Internet. According to the Conference Board, the price for this moral callousness is steep, in the hundreds of millions of dollars, with infractions averaging \$178,571 for information theft, \$73,030 in kickbacks, \$60,000 to phantom vendors, and \$46,250 towards “unnecessary” purchases.⁶

EXPENSIVE SUSPICIONS	
Hard Costs	Soft Costs
<ul style="list-style-type: none"> ○ Regulatory compliance. ○ Security structures. ○ Internal monitoring. ○ More proofs for claims or results. ○ Penalties, fines and valuation costs for mistakes. ○ Over-investment in legal protections. ○ Difficulty in recruiting and holding on to discerning managers. ○ Actual costs from fraud and for investments towards recovery. 	<ul style="list-style-type: none"> ○ Slower decision process. ○ Withheld commitment or participation from employees or customers. ○ Lower innovation from fear of risks. ○ Less tolerance for sincere mistakes. ○ Hardening sense of entitlement creating competition with stakeholders rather than collaboration. ○ Friction from ceaseless cynicism. ○ More difficulty in forging alliances. ○ Silo thinking and action.

3.2 Three Degrees of Separation

As an aspect of relationship, trust does not grow or decline linearly. We heard frequently the adage that: “it takes a long time to build trust and only an instant to destroy it.” It also became clear that the disappointments – what many have come to experience as betrayals – have also had a cumulative impact, leading to a deterioration of belonging or participation. We have called this deterioration “Three Degrees of Separation:

i) **Disconnection.**

Although not always intentional, the “meanness” attached to strategies for “leanness” have made people feel disposable as companies and governments scrambled for efficiency and results. In a reverse reciprocity shown in lower loyalty, employees and customers are increasingly regarding companies or governments as also disposable. Throughout our study, we encountered individuals and groups that were experiencing a heightened sense of social disconnection. We heard complaints that there seems to be fewer and fewer experiences or expectations binding us together. And while the harsh actions of structures provide much of the impetus for this disconnection, people also generally acknowledge some complicity. They offer that the focus and priority on the individual is so pronounced that we gauge what to invest in society through a harsh measure of what we will get back. We want national healthcare, but lower taxes too. The net effect is a loss of shared-belief and mutual-purpose.

ii) **Disengagement.**

This persistent disappointment, expressed as a loss of sense of humanity, affects the terms and depth of our public engagement. Again and again people explained their withdrawal as resulting from a loss of voice, a sense that their needs and ideas had little impact on our political discourse or corporate decision-making. Not only do people experience impotence from this distancing of power, but they also perceive an absence of vision about where companies, communities or the country may be going. They live in the harsh reality of tactics without recognizing the ordering context of an overall strategy.

It may sound like suspicion is rational, and to degrees it is empirical, but there are visceral and emotional factors as well. A big part of our disengagement comes from fatigue. People are tired of working so hard. They are tired of old arguments with few new outcomes. They are tired of

continuous change and restructuring; tired of bearing the brunt of sacrifices for economic competitiveness without sharing in the rewards. And they are tired of politicians and business leaders telling us we cannot find ways to fix our schools, hospitals, military, roads, transit systems or affordable housing. Out of exhaustion with this intractability comes exclusion, a belief that participation is pointless because outcomes and consequences are inevitable or pre-determined.

iii) Disintegration.

Perhaps not as pronounced as for the U.S., Canadians nonetheless are experiencing an atomization of interest or participation that we call “aggressive isolation.” The clearest break people perceive is between “haves” and have-nots.” And there is also recognition that choices are increasingly made in both public and private sector from a strategy of “divide and conquer.” We heard evidence of a growing anger among people for being victimized or marginalized by difference. Even our discourse seems to have degenerated, played out not as a context of ideas but as a crossfire vilifying other positions.

Disconnection	Disengagement	Disintegration
<ul style="list-style-type: none"> ○ Loss of inclusion from disrespect or deceptions. ○ Suspicion as the response to experiences of disposability. ○ Fear of being vulnerable to exploitation. ○ Separation from suspicion. 	<ul style="list-style-type: none"> ○ Loss of participation from having little voice. ○ Withdrawal as “sensible” defense mechanism. ○ Anger at being exposed or excluded. ○ Isolation from mistrust. 	<ul style="list-style-type: none"> ○ Loss of common purpose from structures without accountability. ○ Defiance out of a sense of impotence towards key issues or decisions. ○ Despair at systemic rigidity. ○ Alienation from despair.

What does this truly mean?

4.0 Definitions and Dynamics

Trust is a noun and a verb, an asset as well as an activity, requiring both a valuation and a process. For valuation we must define its composition as it relates to our unique circumstances as a society in transition. For process we must work out the activities, attitudes and systems for living with and sustaining trust. What do we want this social capital to be? And how then do we get there?

“Preserving trust involves managing the tension between less waste and more generosity.”
 Dominic D’Alessandro
 President & CEO
 Manulife

4.1 What Are The Ingredients for Trust?

The fraying of trust and the momentum for suspicion seem to correspond directly yet lessons from our research suggest that causes and outcomes are more complex, involving quite distinct antidotes. The true antonym for trust is actually fear. And the effective opposite for suspicion is actually hope. There are many aspects to fearfulness, including the uncertainties from globalization, the ceaseless pressures relating to competitiveness, effects from environmental degradation, and the indistinct but now always present violence or disruption from terrorism. We found in our study that some of this fear is explicitly manifest, like when workers hoard information so as to not surrender any advantage to peers or colleagues. Yet much of this fear is also subsumed, held just below the surface as we struggle with the institutional breakdowns and accountability quandaries that have led to tragedies from tainted blood supplies or contaminated municipal water. People bemoaned the spread of a more rabid individualism – including their own – yet part of this insular focus on “what’s in it for me” was also justified as a reaction to what is happening and threatening around them. Trust has gone down as – and because – fear has gone up.

 41% of Canadians share less information with co-workers when they mistrust.

Suspicion literally involves a lack of confidence. As an attitude and expectation, suspicion ultimately affects not only our willingness to rely on others but also our own capacity for bold decisions and audacious action. It is logical that the more we mistrust, the less we risk. However, as with fear, this narrowing of horizons becomes self-fulfilling. A loss of social confidence also diminishes self-confidence. Paradoxically, the only way to interrupt this self-feeding spiral of diminishing confidence is with the hope that risks are indeed worth taking, that new possibilities can indeed be fashioned from exhausted systems or concepts.

4.2 How is Trust Made?

Instilling hope or undoing fear is not a linear process. Trust cannot be claimed or commanded. Suspicion cannot be denied or simply discredited. As an outcome of experience, encounter, facts and emotion, trust or suspicion must be engaged as a dynamic. Among the most serious betrayals of the public trust have occurred in industries such as electricity that have been deregulated. While the goals for efficiency and innovation upon which deregulation has been premised remain valid, the harsh truth is that such privatization cannot succeed either as a competitive contribution or in the public interest without serious and robust checks and balances. In general terms, we focused on “what” to do without adequately considering “how” to do it. “How?” is always the ethical question, involving an analysis of means as well as the end. And “how” relates to ethics. In many ways the dramatic shift in public sensibility from “high-trusting” to “low-trusting” reflects gaps or outright absence in the ethical performance of leaders and organizations entrusted with the public good.

Ethics have been made the “catch-all,” cited either as the failing that has exacerbated public alienation or suspicion, or as the framework for ensuring principled decisions or actions to renew public confidence. A closer examination reveals that the problem is not the assumed binary one of adherence or transgression but a larger one of how ethics are defined, imagined and understood in our most powerful institutions. At least three factors are contributing to the hollowing out of organizational ethics.

First, ethics have been largely divorced from any ethical aim. As sociologist Douglas V. Porpora explains, we have increasingly used ethics to enforce what he calls a “procedural morality,”⁷ setting parameters without defining or debating purpose. The result is the sense that anything goes provided certain rules or norms have not been broken.

Second, ethical standards for organizations have for the most part been self-defined, meaning that their intent, structural robustness and measurement are also self-managed. Grounding organizational ethics in an organizations own values risks more than myopia and insularity. In their research of “Good Work” – work that is both profitable and fulfilling in purpose - psychologists led by Howard Gardner and Mihaly Csikszentmihalyi⁸ confirmed that ethical excellence involves an interaction of “spheres.” In their study personal ethics are essential yet not enough. Individuals test, grow and practice ethics best in relation to active professional bodies or standards, which in turn are tested,

In the reality of public engagement with its institutions, trust is an outcome of ethical behaviour while suspicion is an outcome of ethical failure.

“We are asking these questions very late. With its suspicion the public is responding smartly to behavioural lapses. The question becomes at what point does civil society become so mistrustful that it ceases to function.”

Peter Harder

Deputy Minister

Department of Industry

“Making changes to governance structures will only take you so far. It’s the ethical component that will make the real difference, and we are all struggling with what to do with this. The question is how do we imbue values that will truly enhance relationship within organizations, and between organizations and their stakeholders.”

Peter Dey
Partner
Osler, Hoskin
& Harcourt

grown and practiced in relation to the moral wisdom of society. The personal, professional and social interact, providing a dynamic prudence for rooting the individual in the sensibilities of the public good while enriching the public through the efforts of responsible individuals. What is disturbing to so many about the recent claims of human cloning is exactly this disconnection from professional norms and isolation from public input or sensibility.

Third, ethics remain tangential, a “smell test” for not being exposed rather than an orientation that permeates organizational vision and strategy. CEOs and heads of industry associations acknowledged in our study that there are high costs to the skepticism from broken trust, but they defer any systematic reform in the conviction that this is either only a phase in public mood, or a reform that applies to “only a few bad apples.” What emerged in our study is that the ethical conduct that contributes to the public trust is by necessity dynamic, involving the goals and character of an organization in conversation with the standards and moral understanding of communities. And as well as formal and continuous interaction, ethical performance also requires the discipline of measurement, and the accountability of reporting with consequences. What is needed is not only rigor but also interaction: on the macro scale to define and refine moral purpose, and on the micro scale to define and develop ethical understanding and compliance.

What are the workable conclusions?

Shaped by experience and attitude, both trust and suspicion are comprised of memory, assumption and expectation, connecting past, present and future.

5.0 Schematic Conclusions

Whether affirmed or denied, trust and suspicion are always exercised in time. This means that any discourse or activity relating to society’s reservoir of moral confidence needs to be situated on a trajectory of history – remembered, lived and unfolding. What do we care about from our past? What do we intend? What values have we inherited? What legacy will we leave behind? The individualism seen by research participants to be at the root of our growing mistrust involves not only isolation from neighbours but also discontinuity within this historical arc. Repairing trust involves repairing this break, to connect again what we do in the everyday to a purpose of wider horizons, of historical significance and communal purpose. Without exhausting the possibilities for such repair, we have developed some schematic conclusions for guiding the investments to rebalance the already-noted social capital deficits.

- 86%Canadians agree that there more people looking out for themselves.
 - 84%Canadians agree that there is increased skepticism and cynicism in society today.
 - 77%Canadians agree that respect for institutions is declining.
- % Ranking 8 out of 10 or higher

5.1 Arcs and Trajectories

1. Aim High

The goal is not profligacy but a re-legitimization of ideals, a calling to possibilities that confronts the harsh problems of our social reality with the innovation and imagination that regenerates our shared values.

There are very few initiatives in the public space – or within the corporate reality – that call us as individuals to think or act on the larger stage of destiny. We live our lives largely on the physical and imagination infrastructure of previous generations. The beneficiaries of precious freedoms and a world-leading quality of life we have in many ways either worn-out or dismantled this inheritance – emaciating our peacekeeping capabilities; wearing-down public assets in transportation, fisheries, education and healthcare, and draining value out of previously world-leading sectors such as telecommunications, public broadcasting and electricity. In part this drawing down of our physical and cultural treasury reflects the imperatives of limitation as we learn to live within what are finite natural and financial resources. But this living off borrowed historical capital also corresponds to individualism writ large, with instant gratification exercised collectively.

The task of trust making involves revalidating the power and legitimacy of ideals – not ideology but the idealism by which restlessness towards the status quo sparks imaginative new possibilities. Just as the railroad served as a symbol

for Confederation, and as healthcare came to embody Canada's inclusion and fairness, we need aims that express anew a basis for social belonging and national pride. Whatever the aim, the point is not to break the bank, but instead to break the noose of pragmatism so that we can be defined by our values and possibilities rather than problems and limitations. Importantly, such aims also become our contribution to the larger story of Canada and humanity, creating contextual belonging and moral meaning. The courage for such undertaking exercises a most basic trust in the future, and by default diminishes the relevance and shadow of mistrust.

2. Serve Care.

Suspicion's consequences are more costly than adding friction to social or economic interchange. To be less hopeful ultimately is to become more careless with the space or projects beyond the interests of our individualism. Carelessness has a passive or generic dimension, running down public transit, allowing litter to pile up on highways or streets, or letting schools, the military, hospitals or other of society's services to deteriorate. Such environmental carelessness breeds disenfranchisement and even crime. The experience of New York in the 1990s showed that care invested in public spaces and services – repairing broken windows and eliminating graffiti – actually returned less crime, more civic participation, and an overall ethos of public pride and restored confidence. Carelessness also has a more aggressive dimension in which cynicism festers a loss of civility and respect for others. These last few years have seen a marked rise in rage – on the road, at airports and hospitals, in schools, on television or on talk-radio, and even on the phone. While it is easy to condemn loutish behaviour we have for the most part failed to address the affronts to dignity that accumulate to spark such rudeness and violence. When it is compounded, carelessness becomes destructive.

Martin Buber observed that human life is actually lived “in the between” – between persons, between individuals and institutions, between individuals and ideas, events or even crises.⁹ The between is inescapable, as is our essential interdependence. Our choice is managing the between to foster the care by which common cause is implemented and common purpose realized. Care obviously reverses the reciprocity of suspicion. It also facilitates emotional connection through empathy and understanding. And as a moral expression of our humanity, care also sets the foundations for genuine ethical deliberation and interaction.

Care seems like a soft or discretionary virtue but it is actually an essential asset. Businesses that have mastered quality have understood that the key variable in performance is not the technical one of competence but the ethical one of caring. Similarly, the difference in containing SARS was not due to leadership or technology but the unrelenting care of doctors, nurses and hospital support staff. To re-value the essential importance of care helps undo the depersonalization of lean and mean restructuring, and builds the relational competence to effectively and efficiently manage the challenges of complexity and uncertainty.

3. Invite Participation

While ethics codes set principles these can be dry or abstract if they live only as ideas. Care provides connection, a living reason for relationship that provides ethics with both the moral authority of memory and urgent relevance for daily practice.

Public life in Canada has always lived in the tension between the centre and the provinces. Difficult to sustain even with an endowment of vast natural resources, the operating balance is that much more fragile in a time of starker limitation. Managing scarcer resources and curtailing negative impacts have become the operative principles for the public purse, as well as for policies – everything from greenhouse gas emissions to immigration to corporate reengineering. While obviously necessary, our response to limitation has often been the short-term one of simply cutting. To navigate the understandable resistance to scaling-back we have recently often practiced tactics of “divide and conquer,” using the interests of the majority or the most powerful or vocal to overwhelm those of others. Although not always so Draconian in intent, the result has been the dislocation that prompted the Premiers of Alberta and Newfoundland to speak again of separation or constitutional deconstruction.

Inviting participation recognizes the validity of differing perspectives while stressing those common values that create a basis for bonding and exercising the creative imagination to build bridges of meaning and relevance. Trust is relational and inviting brings the dimension of welcoming to relationship. What is welcomed is honest exploration towards the truth and understanding, not the facile consensus from having been asked in some telephone survey but the real engagement and involvement that come from having been heard. In a democracy, and in a vibrant market of ideas, participation is at once a critical right and a set of inter-linked responsibilities. Terms for trust or goals for social renewal cannot be created linearly or imposed, but emerge as co-creations of committed and collaborating groups and individuals. It is in the process and proofs of participation that society models and proves its principles for fairness and integrity. And the key in this regard is to not simply compile data as an average but to be especially sensitive to the reality experienced by those individuals or groups who are usually unaccounted for or unheard.

4. Actualize Accountabilities

In many ways disenfranchisement is not the cause for our growing suspicion, but its effect. Loss of voice and declining participation relate to a much more pronounced break between people and their leaders. In political terms we seem to be a democracy without real debate, alternatives or opposition. Frozen patterns of representation have made nation-building a reverse exercise, accommodating regional blocks without respecting differences or building on commonalities. On the corporate side we have witnessed a difficult migration of head-offices out of the country while at the same time executives of companies within Canada have adopted many of the imperial styles of American CEOs. Every society has some gap between its leadership or executive class, and its citizens, consumers and employees. What is disturbing in this context is the sense that leaders are not only removed from the human consequences of their decisions but are largely immune from accountability.

Accountability begins with governance. For the most part we are asking the wrong questions about our boards, debating whether CEOs should also be Chairs; whether directors should be executive or non-executive. This is a time calling for much more daring, bringing radically different voices to the boardroom table, including anthropologists and social scientists, poets and school principals, theologians and social workers. Obviously, board responsibilities involve serious technical and strategic expertise. One American company has been very creative, supporting the non-business members of the board with high-level third-party legal and financial counsel. With this technical support, board members are free to apply the imagination and scrutiny that comes from their diverse experiences and occupations, linking decisions to the web of community that includes investors and other stakeholders.

With governance in place, accountability needs the deliberate strategies and processes to infiltrate plans, human resource functions, operations, culture and performance measurement criteria. In addition to relating responsibility to performance, accountability also demonstrates the care to fulfil what has been promised, and the integrity to see through the action and deeds that live up to words and principles. In our cartoon-world of good guys versus bad guys we tend to reduce accountability to the mechanism for blame or scapegoating. Much more essential and creative, accountability is the means by which we track the progress towards the mission, learning lessons, gaining confidence, and building momentum towards new possibilities.

Fiduciary is derived from the Latin word for faithfulness or trust, and as we have seen the responsibility for trust today cannot be defined only financially or strategically.

Self-defined transparency protocols will not close this gap.

5. Initiate Generosity

Suspicion has spread as a reverse reciprocity, and it will need conscious investments in social capital to achieve what some management consultants call a “virtuous circle.” In general, Canadians recognize the fiscal and policy limits of governments. At the same time our study shows that the public’s expectations of the corporate sector are very high, including as basic terms of performance commitments to social responsibility and community enhancement. While some CEOs appreciate these broader expectations, for the most part there is a widening gap between the horizons of managers and those of citizens, consumers and employees. The spiral for trust-building especially depends on the “generosity” of people in positions of power and managerial authority. Such an orientation may involve more robust corporate philanthropy. But more essentially, generosity has to do with a spirit of accessibility and participation, both in terms of our willingness to hear other’s points of view and to make ourselves personally available to respond to the claims of the community as a whole.

As noted, the psychological starting point for our spreading suspicion seems to have been the “lean and mean” approach to structural and process reengineering in the early and mid-1990s. “Lean” is in many ways an inescapable virtue, an imperative from both competitive forces and limits in our natural resources. “Mean” however was always an option. The task for public and private sector organizations is to find and practice a new, generative virtue to couple with the need for hyper-efficiency: “lean and green” – “lean and smart” – “lean and kind” – “lean and creative” – are but a few examples of possible strategic alternatives that interrupt the cycle of diminishment and division with values of co-creation and co-responsibility.

In the end, renewing trust within society hinges on reaffirming the value and practice of generosity. Individuals in positions of power have largely reaped the benefits of Canada’s unique social capital. Now that trust is depleted this group – including most of the managerial class - bear a disproportionate responsibility to reinvest in its renewal. Reciprocity does not grow instantaneously. Someone has to be the risk-taker initiating generosity. Someone has to start the cycle of giving so that hope circulates and suspicion recedes.

What actions can we take?

6.0 Practical Steps to Co-Create Trust

Research and consultation participants made it clear that the issue of declining trust both resonates and troubles them, disturbing the way that they relate to society and its institutions, adding costs to businesses, straining stakeholder relationships and - on a personal level - causing shifts in behaviour that most would have wished to avoid. It was also clear that bringing diagnostic insight to the issue of declining trust was not enough for these participants. Over and over we encountered executives, policy makers, individuals and social advocates who sought concrete remedies, wanting the specific processes or actions by which organizations and individuals could pragmatically address suspicion and effectively contribute to the asset of social trust.

The diagnostic framework that evolved in this study raises critical operational questions and also – with further elaboration - provides the practical basis for a robust, renewal process. The language of trust is the language of relationship and therefore seems emotional or lofty, but in reality these words encode a tough reality that fully charges the managerial imagination, providing strategic as well as social benefits.

The Trust Framework	What It's Not	What It Is
<p>Invite Participation</p>	<ul style="list-style-type: none"> ○ More focus groups. ○ More consultation. 	<ul style="list-style-type: none"> ○ Invitation as a genuine opening to new possibilities. ○ Participation as an aggressive listening. ○ Especially hearing the voices of critics and those furthest from the decision-making – including the impacted and the typically unwelcome.
<p>Aim High</p>	<ul style="list-style-type: none"> ○ Altruism. ○ Strategic Philanthropy. ○ Impractical idealism. ○ Expensive extras. ○ Un-competitive. 	<ul style="list-style-type: none"> ○ Mission beyond the objectives, focusing on the greater purpose of the organization. ○ Charter to operate – from and towards the public good. ○ Benchmark for integrity.
<p>Serve Care</p>	<ul style="list-style-type: none"> ○ Brand image. ○ PR ○ Community involvement. 	<ul style="list-style-type: none"> ○ Restoring human dignity at work and in interactions to heighten satisfaction of both providers and recipients. ○ Inspiring creativity that focuses on human applications of technology and innovation. ○ Stewardship towards human and environmental resources.
<p>Actualize Accountabilities</p>	<ul style="list-style-type: none"> ○ Simply more disclosure. ○ Simply more transparency. ○ Simply more Internet access. ○ Simply more ethics officers. 	<ul style="list-style-type: none"> ○ Clear connection between decision-makers and decision-consequences. ○ Trust-making by example. ○ Sharing rewards and sacrifices.
<p>Initiate Generosity</p>	<ul style="list-style-type: none"> ○ A violation of fiduciary responsibility. ○ The next corporate giving campaign. ○ Delegation to the corporate cheque book. 	<ul style="list-style-type: none"> ○ An investment in co-creating trust recognizing that the privileged bear a due share of the burden. ○ The practical practice of generating the excess social capital to deal with the problems of the future. ○ The starting point for constructive, inclusive reciprocity.

This Trust Framework has several applications in the day-to-day management of organizations, and in the day-to-day management of operational relationships.

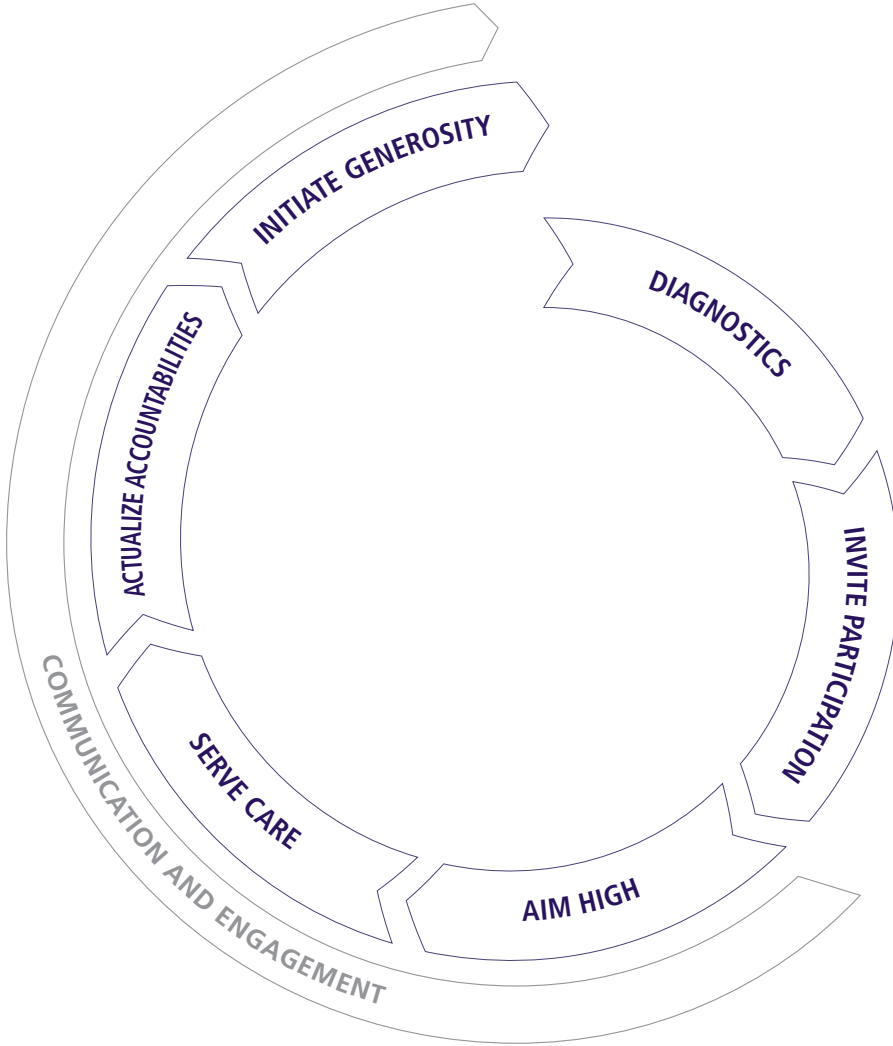
First, the Trust Framework can be applied as a filter to strategic plans or tactical programs, adding the dynamics of relationship to the issues of budget, training, implementation and measurement.

Second, the Trust Framework can be used as a sequential process on its own to reveal strategic issues or opportunities confronting a given organization. As a process the Framework is both iterative and self-reinforcing, building a first level foundation for renewing trust, and also creating the energy and momentum of practice that encourages continued application over time. The goal of this process is not a one-time corrective but rather a forward moving spiral that enmeshes operational and strategic practices with those that respect and leverage trust.

A third opportunity for the Trust Framework is to test and extend organizational values, using the questions and issues to embed the concern and respect for trust in the day-to-day culture. In some cases trust is mistakenly defined or assumed as a value. In practice, trust is not a value but an outcome, the asset earned as a result of the consistent and conscientious living-out of a particular values-set.

Finally, a fourth application for the Trust Framework is as a screen for all the essential contact points of credibility, including investor relations, brand equity and management, customer service, stakeholder relations, recruitment and human resource development. The questions and issues raised in each relationship will help define unique claims and expectations of trust that reflect the particular reality, reputation and resources of a specific organization or project.

6.1 The Building Blocks:





i) Diagnostics

- A journey of a thousand steps, the Trust Framework requires an open dialogue to determine the level of relational capital that already exists within any organization and between any organization and its stakeholders. Our approach differs from a traditional gap analysis by surfacing and building on the best of what is.
- With any group it will be important to first identify the understanding, assumptions and definitions of trust held by participants.

- What are the individual's/organization's experiences of trust?
- What is valued in these experiences?
- What actions were taken in order to enable trust to flourish?

- Given that trust is generally sensed or perceived, rather than explicitly or overtly communicated, the next phase explores the inferences and impacts of trust from a variety of lenses.

- What are the assumptions that shape experience?
- What are the everyday expectations?
- What stories or practices exemplify the role and practice of trust?

- In that trust is experienced in all aspects of life it is also important to ensure that the diagnostics are approached from a three hundred and sixty-degree perspective.

- How is trust experienced with society and towards its most influential institutions?
- What is the nature of trust for this organization?
- What is the trust experience of customers and suppliers?
- What is the trust experience of regulators and investors?
- Describe a time when a high level of trust existed.
 - Between workers?
 - Between managers and employees?
 - Towards executives and Boards?
- What is most valued in these experiences?

- Trust is more often sensed or intuited than discussed. A diagnostic implication is that the analysis must begin by identifying the ways that the specific organization expresses trust through its multi-faceted relationships. In addition to asking respondents how they feel about trust, they also are probed on the particular relationship dynamics that demonstrate trust.

- How is responsibility managed?
- How open are systems to critique or creativity?
- What is the flow for information and how readily is it shared?
- Where do operational silos work well together?

- Social location has an obvious impact on one's experience with trust so it is important to recruit participants and input from a wide and fully representative cross-section.

- How is trust perceived from different hierarchical vantage points?
- What are the relative priorities among groups or levels?
- What are the gaps in perception or experience of trust?
- How are expectations aligned or misaligned?
- Is the vision clear?
- Do everyday actions live up to the intent of the vision?

- The process of identifying which participants to include in the study is also very important. Not only do samples need to be random, representative and statistically significant, but participants also need to be drawn from both sides of the trust relationship. We have found in this work that the development of a traditional and non-traditional stakeholder map that visually portrays the nodes and connections of relationships and interdependencies to be particularly helpful in this regard. To be of most value, this map must include those who are both positively and negatively impacted by the organization – those who are its primary customers and stakeholders, as well as those who are not “targets” but nevertheless affected by organizational actions or policies.

-
- How are stakeholders represented and understood?
 - What is the map for interactions and interdependencies?
 - What are the nodes or process points in this complex web of relationships that most amplify trust?
 - Who are the groups most likely impacted by unexpected consequences?

- Trust is always enhanced as the alignment between words and actions increases. Therefore, it is essential that the diagnostic phase conclude with an appreciative analysis of areas of alignment between an organization's strategy, its values and how it is perceived through consumer, market and employee research.

- Are there any differences between policy and practice?
 - Between promises and deliverables?
 - Between the words of strategy and deeds of implementation?
- What are the lessons relating to trust from customer or public research and employee surveys?
- How are organizational values experienced?
- How are ethics or service issues heard and addressed?
- What is the reputation or equity of the corporate brand?
- What are the points of connection, engagement and integration?

ii) Invite Participation

- Having collected and analyzed the data for insights regarding levels and dynamics of trust, the framework we recommend now calls a number of voices to the table to work through the implications and action plan. Many organizations have come to understand the importance of varied consultation, but to a degree this operational practice has become a contributor to suspicion in that it has created a system for inclusion that does not often live up to its premise. More than a PR exercise this “invitation” overcomes the cynicism of process-fatigue when it welcomes persons and their opinions into a real exchange.



- Who needs to be at the table to make the process rich and fully credible?
- How are people from the distant corners of the organization, and from every level, represented?
- What are the protections for honesty and dissent?
- How will inputs and implications flow to permeate everything from governance to phone-etiquette?
- Who will be responsible for sharing learning and spreading or implementing lessons?

- Our view and experience is that the effectiveness of efforts to rebuild trust can be undermined by this all-too-easy-to-overlook phase in the process. Only inviting select internal participants may make the exercise neat and clean, however, the true transformational potential in rebuilding trust can only be realized and sustained over time when voices who are not normally in dialogue truly encounter each other and fashion a new understanding among themselves. In this critical way the process for inviting participation becomes an example of the larger process for renewing trust-commitments internally, as well as between the organization and its stakeholders.

iii) Aim High

- Gathering such diverse (and possibly wary) participants into a process for rebuilding trust is often also fraught with the perils of entrenched bias, accumulated history and rigid starting positions. To ignore such dynamics would render this process futile. Paying attention and extending the respect of acknowledging such discord is often indispensable in creating the credibility and confidence to proceed with exploring or deepening



credibility and confidence. Few organizations have corporate knowledge to approach or undertake the diverse, multi-stakeholder engagement needed for the co-correction that precedes co-creation.

- In such situations we recommend that organizations borrow from a problem resolution methodology used by the ancient Greeks, which included a step known as Makrothymia. This involves a formal pause as intervention, ‘taking a step back’ in order to see the original purpose for which something exists, recognize overarching pressures and patterns, and discern the larger picture. By this reflective problem-solving process the ancient Greeks recognized that truth is rarely unequivocal and has many sides influencing the full interpretation or appreciation relating to any specific circumstance.

Taking an initial, even if tentative, step back from that ‘truth’ has the potential to free up a group to see the reality from a truly fresh perspective. In order to accomplish Makrothymia, participants share their initial impression of the organization through a characterization exercise that illustrates how they view the organization today.

- What are the big picture factors?
- What is the forest like that contains our tree?
- Where do we stand today within the larger story of history?
- What would historians or anthropologists of future analysts say about our organization or its situation?
- Where does it fit in the scheme of things?
- What does the horizon we are aiming for look like?

- These descriptions are then randomly arrayed so that together they form a new aggregate impression. The trust team may then seek to give a name to this composite, capturing the unique dynamics or possibilities that – like with “lean and mean” or “quality through care” – express the operational essence of an organization and its values.

- What are the most pressing “either/or” dynamics impeding performance?
- Which are the tensions befuddling cohesion or limiting excellence?
- How have such contradictions impacting trust been managed or ignored?

- Having been named collectively for the first time the work of envisioning something new can begin. For the parties to work constructively in rebuilding trust requires the confidence and commitment that comes through shared experience. Before creating the goals for an ideal participants need to ground their work in first hand knowledge of the situations faced by others. There are various possibilities for this but we have found that by going into smaller groups or even pairs individuals can better hear and relate to the challenges facing others. It is from this face-to-face encounter that persons in the process take more responsibility for working out and seeing through workable solutions to issues. Here again, the process for a deeper understanding careful engagement actually models the care and attentiveness in practice that restores hope and trust.

- What is the trust or suspicion experience of the other?
- How would it feel to be in their shoes?
- What surprising lessons are revealed in the other's story?
- How does the other's experience shift one's own perceptions?
- What constructive lessons can be derived of benefit to others from the shared exploration of the experience?

- When the process breaks down at this or any other stage, it is important to not ignore the breakdown or take it 'off line', but rather to recognize the ambiguity of the trust project and regard honest disagreement as a vital possibility for transformation.

- What are the unmoveable givens?
- Which specific factors create friction or dissonance on this issue?
 - Why?
 - What are the patterns?
 - What are the gifts from cynicism or honest differences?

- Having taken a step back to see the bigger picture and having begun the process of trust building through shared encounter, the Trust Framework now shifts to re-articulating the statement of purpose. Participants "aim high" - not neglecting financial or performance targets but exploring the realms of aspiration that move us emotionally, inspiring human and social innovation, advancement, and ethical commitments.

-
- Why does the organization exist?
 - What aim motivates its activities?
 - What are the conditions of its charter to society?
 - What contributions in addition to performance excellence provide meaning and pride?
 - How is the organization indispensable as well as differentiated?
 - In what precise ways is the organization generative?
 - What are its contributions to society's social capital?
 - How does it return on an investment on society's trust?
 - On the faith of investors and stakeholders?
 - On the expectations of customers or the public?
 - On the commitment of employees?

- An organizational purpose that aims high is important as a compass for guiding both the next steps in the process, as well as on-going and generative organizational governance and strategy. Having set the overarching aim, the task becomes defining and giving detail to the specific aspirational goals. This then gets translated into performance targets, which consider how the organization performs on cultural, ethical and other socially aspirational dimensions as well as targets associated with financial stability and growth.

- How is the aim visible in objectives and strategies?
- What values and cultural dynamics align or undermine the aim?
- How do short-term programs or priorities meet the exigencies of the moment without compromising the ultimate aim?
- What projects or experiences symbolize the aim and give credence to its operational commitment?

iv) **Serve Care**

- As noted, care is now regarded as an option rather than a critical, indispensable competency for most organizations. At this point in the process participants reflect on the practices and experiences that either demonstrate care or imply suspicion-inducing carelessness.



- Is care valued, measured as a dynamic of excellence and performance?
- What are the critical care factors?
 - How are these embedded in processes for quality?
 - For customer satisfaction?
 - For service?
 - For innovation?
- What may be the unintentional or unseen practices that suggest carelessness?

- What we care about actually orients our ethical priorities. Care, like trust, is experienced in relationship, so the process for exploring care involves giving scope to personal and shared priorities, challenges, dreams, commitments, frustrations or doubts that relate to the organization's purpose.

- Why do people work here?
- What gives meaning and motivation?
- What do individuals wish they could do in their work?
- How do people experience interactions in meetings or in problem-solving team sessions?
- Why would investors or customers or the public invest their trust in the organization?
- What does the individual care about that is served or foiled by the systems or culture of the organization?
- Where is care blocked or amplified?
- Is what gets measured also what contributes to the virtues of care?

- Next, it is critical to establish a record of promises and commitments that are to be met to carefully attend to the aim. To be clear about the expectations of the different stakeholders, participants will formally consider the organization's explicit and tacit offers to fulfil strategy as well as aim. Some of the elements of these offers will relate to

mechanical or functional considerations, and achieving these will go some way towards re-establishing trust. Deeper levels of trust however, will only be garnered once participants feel that the claims of care are valued and consistently addressed over time.

- How will implementation mirror the needs and priorities of care?
- What are the measures and rewards for careful management and action?
- How does governance and strategy attend to the carefulness that earns credibility and trust?



v) Actualize Accountabilities

- The pervasive sense that “absolutely no one is responsible for anything anymore” has terribly frayed the fabric of trust throughout society. Any process that seeks to rebuild trust must address this perception head-on.

To this end, we recommend that a comprehensive and detailed accountability plan be developed for every aspect of the organization. The task for the participants is to explore and honestly assess any accountability gaps and develop the insights for infusing all systems and functions with the careful attention to outcome that serves the higher purpose and substantiates trustworthiness.

- What needs to be done to achieve the objectives of care?
- Who is responsible for getting this done?
- What metrics will people be held accountable to?
- Who will define the scope for these metrics and collect the data for determining their measurement?
- How will results be shared with various stakeholders?
 - Who will report the metrics and with what frequency?
- Who will determine the rewards and consequences of met or un-met objectives?
- Where will different stakeholders appeal to if such objectives are not being met?
- What is the role of each participant in ensuring the accountability plan is followed?

- As noted, it is important to remember that accountability is not simply a mechanism for assigning recognition or blame. At its core accountability represents a responsibility of relationship, a dynamic that in and of itself expresses the hyper-care of fulfilling what is promised with commitment and personal integrity.

vi) Initiate Generosity

- Throughout this study we heard a regret from people across all levels of society relating to the loss of personal engagement – a feeling that the pressurized compression of time, space and resources had also compressed the humanity and generosity of interactions. Many, including leaders, also acknowledged that some generosity is indispensable for rebuilding the personal ties that decrease the isolations of suspicion and increase the collaborations of trust. It is toward this goal of giving scope and dimension to organizational generosity that the participants in the trust re-building process now focus.



- What are the fears underlying suspicion or undermining trust?
- How can these be acknowledged?
- What would it take to root countervailing hope?
- What can be offered as a stimulus to break isolation and start the processes of reciprocity and participation?

- Generosity is mistakenly assumed to be charity. In human and social terms, generosity is the virtue necessary to create something new, to generate new possibilities by suspending fixed reciprocities and risking the catalytic stimulus of gift. Indeed, foundational Canadian values such as fairness, and critical economic competencies such as access, depend to some degree on principles and practices of generosity.

- What is the state of fairness?
 - What are the norms for fair/unfair?
 - How has this criteria shifted?
- Does it remain relevant?
 - Who is situated on either side of this spectrum?
 - How do people feel about fairness?
 - How do they experience or judge it?
- How is care manifest or proven?

- How is the voice of those relatively powerless at the lower ends of the organizational hierarchy given credence and value?
- How are the attitudes and behaviours of those in relative power demonstrative of their relation to the whole of the organization?
- What social or fiscal investments are made in renewal, innovation and regeneration?

- Although wide participation is a starting point, it is essential at this stage of the process that the leadership participants show particular responsibility for generosity. Those fortunate enough to hold positions of power or influence have partially reaped the benefits of Canada's unique social capital. Now that trust is depleted individuals with power or authority bear a commensurate responsibility to reinvest in its renewal. Admittedly, this is a risk, often intimidating. However, the reason for persisting is that generosity is a fundamental investment in fairness – a practice of inclusiveness that breaks down walls of status or accomplishment to allow full participation from all members of a society or organization. As with any other progress, someone has to be the risk-taker initiating generosity - someone has to start the cycle of giving so that hope circulates and suspicion recedes.
- In spite of the risks, we believe this phase of the trust re-building process to be among the most powerful from a truly transformational perspective. Like with any capital investment, generosity requires an inclination and a valuing of risk. As such it also includes a recognition that what we expend we may not get back. At this stage in the framework it is important for leaders to assess the situation that is before the participating stakeholders, and co-explore generosity with the other participants from the perspective that best aligns with the organization's passion, expertise and resources. Such an exploration of generosity is not meant to imply more strategic philanthropy. True trust building will emerge as a result of generosity that is offered in the spirit of sharing and not that which is simply calibrated for mutual benefit.

- In what way can the organization make the most profound difference?
- What passions among employees, or embedded in the unique competencies of the organization, can best serve the confidence and credibility of society?

Communication & Engagement

- Having applied the trust framework - having invited and engaged new participants in it - it is important to realize that the organization has embarked upon a reorientation that goes beyond any stand-alone linear process. In other words, the framework is not a closed loop within a closed system, but rather an orientation and consciousness that grows in concert with other strategic skills and core competencies.
- Throughout the process it is vital that the participants develop their own communication and stakeholder engagement plans that move the experience from their first hand encounter and extend its lessons and content to their representative constituencies. Great care must be taken so that communications are neither one way nor top-down. Rather, engagement must model the larger process of rebuilding trust in both design and spirit. This means that planning and implementation will exemplify the inclusiveness of the framework process, aiming to overcome the monologue that breeds suspicion and entrenching the dialogue that practices the human dignity and process integrity that serves trust.



Where do we go from here?

7.0 Recommendations Towards Reintegration

No one initiative can carry the burden for restoring trust, and at the same time no single sector is immune from suspicion's erosion, nor exempt from some role in replenishing this commonly shared social capital. Having been bled by a thousand cuts, it will take a reverse contagion – a thousand courtesies or generousities to undo that damage. Of course, there is no turning back. Replacing outdated regulations or imposing new rules will neither restore public credibility nor keep pace with the changing pressures exerting their pull on leaders, managers and organizations. The task instead is to deploy the capabilities of our society to fashion new structures or symbols for our co-commitment to one another. As we have seen, the ethical practices that create the conditions for trust are best defined and realized in an interactive exchange between the individual or organization, a related sphere or industry, and society at large. No one can have all the answers. And the best answers are co-created in mutual exchange and learning.

Applying the Trust Framework towards this shared end has implications for both society-at-large and for organizations. What follows below are a set of recommendations for both audiences – a starting point for initiatives and actions that reflect our understanding of this complex issue and express our passion for co-investing in an asset that is commonly assumed to be basic to Canadian identity and values. For society, our recommendations are writ large as openings inviting further development and inspiration from other groups and interested individuals. For organizations, our recommendations are more specific, building on global best practices that are evolving on a variety of fronts to address governance, social responsibility and managerial ethical excellence.

7.1 For Society

Trust Framework for Society	Recommendation	Details
<p>Invite Participation</p>	<ul style="list-style-type: none"> ○ Create The Dialogue Prize – a Canadian equivalent to the prestigious “Nobel Prize” – to acknowledge the skills, opportunities, courage and transformational breakthroughs from deep, critical and constructive engagement. 	<ul style="list-style-type: none"> ○ Awarded jointly to two individuals or groups who have creatively resolved a historic or high-stake disagreement. ○ Recognize and promote dialogue as an attitude and skill-set, to deepen diversity and diffuse conflict.
<p>Aim High</p>	<ul style="list-style-type: none"> ○ Create what we are tentatively calling The Pierre Trudeau Centre for Trust and Leadership. 	<ul style="list-style-type: none"> ○ Set standards and measures for governance excellence. ○ Develop multi-dimensional governance criteria. ○ Co-define the terms, language and accountabilities for effective and trust-bearing transparency and disclosure. ○ Serve as third-party expert to influence and shape transparency initiatives to respond to the needs of trust as social capital. ○ Train diverse voices with the technical expertise to serve on Boards. ○ Export Canadian principles for private and public sector governance.
<p>Serve Care</p>	<ul style="list-style-type: none"> ○ Create The Organizational Wisdom Enterprise (OWE) – A co-creation between private and public enterprise that will seek to replace the dominant lean and mean response to requisite organizational change by envisioning new responses that remain economically efficient and yet embrace effectiveness for varied stakeholders. 	<ul style="list-style-type: none"> ○ A not-for-profit publicly and privately funded body that consults to large organizations to assist them with their change and renewal initiatives. ○ Monitor and advocate against trust-deadening language and assumptions. ○ Acts as a repository of best practice ideas and strategies balancing economic efficiency and stakeholder effectiveness.
<p>Actualize Accountabilities</p>	<ul style="list-style-type: none"> ○ Create a public and private sector Canadian Trust Index – to provide yearly, in-depth measures of public confidence, issues and expectations. 	<ul style="list-style-type: none"> ○ Track the trajectory of trust as a tool for policy-making, and as a complement to the Consumer Confidence surveys that gauge economic status. ○ Recognize and reward excellence (the trust parallel to Canada’s most respected companies). ○ Reflect not just the opinions of elites but of the public at large.

<p>Initiate Generosity</p>	<ul style="list-style-type: none"> ○ A national guaranteed housing program that vivifies the human right of housing and shelter that we call The Coming Home Initiative. 	<ul style="list-style-type: none"> ○ A national investment in co-creating a renewed sense of trust in what our nation stands for and what our society can achieve. ○ A multi-sector private and public effort aimed at freeing up the necessary economic and social capital to unleash our collective imagination. ○ Based on a new balance sheet 'business case' that assesses the economic and social costs and benefits.
-----------------------------------	--	--

With our diverse cultures, Canada is again uniquely placed to fashion a resource for excellence in this development of dialogic consciousness and competence.

7.1.1 The Dialogue Project (Invite Participation)

Engagement across differences hinges on skills and attitudes towards dialogue. Often mistaken as listening, dialogue involves a more profound and respectful encounter with different views, ideas and perspectives. In dialogue the goal is not proselytizing but shared growth, understanding and transformation. The Dialogue Project would aim to minimize the exclusions and closed-systems thinking of silos, engaging various groups from across public and private sectors to growing common principles and understanding for our most complex or bedevilling ethical issues. Such encounter would focus on creating an infrastructure of dialogue for dealing constructively and deliberately with difficult policy issues - like cloning or bio-genetics or rights in conflict that threaten violence or hatred (as happened between Palestinian and Jewish students pressing their concerns for the Middle-East at Concordia University).

A critical function of the Dialogue Project would be to establish and manage a Dialogue Prize that would aim for the stature and significance of the Nobel Prize. The Dialogue Prize would be given yearly to two individuals or groups who have risked the most to affect transformation through reciprocal, respectful encounter. Drawing upon a panel from various spheres and disciplines throughout society, the Dialogue Prize would reward and bring profile to those individuals that have the courage to go beyond exchange by “crossfire” and place themselves in a position to model the respect and responsiveness that are foundational to trust. That this recognition and high profile prize comes from Canada respects our multi-cultural history and reflects our developing values regarding diversity. It also sets an aspiration for all Canadians. Importantly, the lessons and models recognized through the Dialogue Prize could be used to advance dialogue learning and skills in schools, and throughout the public and private sectors.

7.1.2 The Pierre Trudeau Centre for Trust and Leadership (Aim High)

Our view is that governance must become interdisciplinary, involving the voices and wisdom from a broad range of sources. Inspired by Mr. Trudeau’s vision for multi-culturalism, this not-for-profit Centre would serve several functions. First, it would create a super-Board comprised of leaders from various spheres of interest. This group would engage the key issues affecting governance of public, private and not-for-profit organizations, setting standards or agendas for renewing Board practices. Second, the Centre would co-define the terms, language and accountabilities for effective and trust-bearing transparency and disclosure.

Governance is a global priority and this would be a unique Canadian contribution to critical debates about such issues as sustainability, citizenship and social responsibility.

In doing so, the Centre would also serve as third-party expert to influence and shape transparency initiatives that are so critical in restoring organizational credibility and social confidence. Third, the Centre would serve as a training ground for Board members and future Board recruits. Governance involves more than management, requiring both a breadth of vision and detailed technical understanding relating to finance, law and operations. The Centre would help executives gain exposure to non-financial dynamics of governance, and help experts in other fields develop the technical competence to fulfil all fiduciary responsibilities. Fourth, the Centre would initiate standards and measures for Board and governance ratings, creating new norms and a third-party source for verification. Finally, with the many changes in global performance expectations, the Centre would serve as a focal point for the wisdom and expertise of Canadian managers, providing an on-the-ground model for a multi-cultural governance structure. This is both an opportunity to provide global leadership and a means of deepening the value and values of inter-cultural exchange within Canada.

7.1.3 The Organizational Wisdom Enterprise (Serve Care)

Suspicion has spread not necessarily by intent but also as a result of unexpected consequences to change programs that were often considered so imperative as to be applied inflexibly. As noted, organizations behaved as if “mean” were a strategic pre-condition for “lean.” As a result even smart and much needed process changes have often been implemented with such blunt or dumb sensibility that results, relationships and sustainability have been compromised. The Organizational Wisdom Enterprise would be commissioned to go beyond tactical responses such as transparency or legislation, addressing root causes, exposing systemic distortions, and giving detail to the human implications of organizational or technological change that have contributed to this acceleration

The Organizational Wisdom Enterprise’s purpose is not to challenge “what” needs to be done, but to develop the understanding and insights for the human consequences for “how” change is managed and measured.

of suspicion. The goal is not to impede or turn-back transformational change but to recognize that effective change involves disciplined discernment and management of impacts on human lives and communities.

Organizations in both public and private sectors have become masters of the bottom-line. The claims of trust demand an equally robust attention to the balance sheet, not only the financial assets and liabilities but also those for the equally valuable capital represented by knowledge, creativity, human imagination and trust. The Organizational Wisdom Enterprise would be the hub for defining the terms of this extended balance sheet, for compiling best-practices, and developing the measures to help large organizations realize short-term effectiveness without compromising long-term vision. An immediate priority towards this systemic rethink involves challenging the dehumanizing language used by experts (“collateral damage” for the military; “headcount” for business; “bums in seats” for airlines) that conceals or deadens the full impact of decisions. While seemingly innocuous, words actually frame our feelings and expectations, and become the first targets for obfuscation. Indeed, the gobbledegook of expertise often camouflages ethical or moral implications, making it easier for decision-makers to distance themselves from human and other non-economic consequences. A more ethical attentiveness to words may help call into focus the wider range of implications, reminding all of us of the close relational nature of social capital. The Organizational Wisdom Enterprise would work with the media, collecting the data and background for dehumanizing reporting (especially in business) so as to provide a fact-based challenge for either abusive conventional wisdom or hollow political correctness.

Beyond language, The Organizational Wisdom Enterprise will seek to build practical knowledge and expertise for helping organizations or associations and their stakeholders co-define the objectives, and design of specific change initiatives including the co-setting of the terms for reporting on social impacts and for transparency. The goal is to create a best practices model that would help managers and leaders exercise more imagination in implementing organizational renewal that is at the heart of the global pressure to strengthen the combination of our economic efficiency and social effectiveness, while making the whole process more participative, creative and accountable.

7.1.4 The Trust Index (Actualize Accountabilities)

It is a maxim of management teachers that performance is only realized by measurement. While trust is a factor in almost all social, political and commercial transactions, it is rarely the highest priority, and rarely a measure for determining success. The Trust Index will provide both more awareness for the terms and pressures affecting social capital, as well as norms and recognition for excellence. Our idea is that The Trust Index would be sampled and disseminated to correspond to the Consumer Confidence Index that has become a widely reported, quarterly denominator for markets. All of this would become the raw material for achieving the continuous reform and revitalization that is essential in a dynamic, fast-changing and surprising reality.

The Trust Index would also track the credibility of governance structures, the rational and emotional factors that contribute to confidence, as well as the accessibility and accountability of our major organizations and their leaders.

Other indices such as Transparency International's provide some insight into the structures and state of a country's social capital. The Trust Index would complement such relative measures, providing in-depth understanding of the dynamics particular to the situation in Canada. Various groups have begun to reform Board practices. Others have set new standards for transparency and disclosure. The Trust Index would provide a composite reading for how we are doing, for the effectiveness of these disparate initiatives and some scope for where more rigour may be needed. Importantly, The Trust Index also confirms progress, engaging the optimism and hope that persist with Canadians.

7.1.5 The Coming Home Initiative (Initiate Generosity)

Our learning and experience with this topic suggests that kick-starting the spiral for trust-building depends on visible and tangible acts of generosity inspired and led by persons in positions of power while inviting the imagination and participation of all. Given Canada's harsh climatic reality we believe a legitimate collective "aim high" project for communities and corporations would be to fulfil the enshrined human right for housing and shelter. The Coming Home Initiative would engage an end-to-end network of participants to find solutions to our homelessness crisis by freeing-up the requisite economic and social capital to unleash imaginative, affordable and workable solutions. Participants, could be drawn from those who normally finance, plan, build, service and occupy housing, as well as interested partners from other spheres of interest. The goal would be to define the terms for a new balance sheet that would account for both the economic and social costs/benefits associated with alternatives.

Implementing the recommendations will require a wide net of participants (i.e. those leaders who have the economic power and levers) to make contributions

and commitments, then measuring progress and reporting on results. Without oversimplifying the commitments and implications, we are excited about what it would mean to Canadians – and for Canada to the world – to be the first jurisdiction in the world to make and implement a five-year pledge to completely eliminate homelessness. Crafting such a goal and the more comprehensive inclusiveness needed to implement it will exemplify the innovation and practical expertise that warrants a reconsideration of our possibilities together, and a recalibration of trust as our commonly shared, commonly created social capital.

These are but sketches to exemplify potential. We believe the voices of others and participation from other organizations will give (much needed) additional depth and resonance to such trust-building projects. Collaboration and commitment will undoubtedly yield many more ideas and possibilities. Our goal now is to recruit the partners and sponsors to build on these initiatives, capitalizing on the lessons and opportunities for elevating trust making across Canadian society.

7.2) For Organizations

Executives and managers are entrusted to achieve the operational results appropriate for their respective organization. The lessons of the last few years confirm that both managerial effectiveness and results are put at grave risk when the priorities of credibility are not consistently and conscientiously addressed. The Trust Framework provides a process for rejuvenating credibility – for creating and sustaining the systems change that builds long-term public and investor confidence. Every organization will need to adapt this process for its own situation, yet – as suggested below – the trust framework provides a basis for reviewing and renewing all aspects of performance, including governance, strategic planning, human and intellectual development, and brand reputation.

What follows is a brief examination of how the steps of the trust framework could be followed by several functional areas in an organization. We begin by adapting the Trust Framework to the specific circumstances faced by various functional areas. We then suggest relevant questions. Although the specific trust building ideas and programs that emerge will need to reflect the reality of each organization's context, these examples demonstrate the practices and potential of employing this process.

7.2.1) Trust Framework for GOVERNANCE

Trust Framework Step for Governance	Questions to Answer	Trust-Building Ideas
<p>Invite Participation Incorporate and reflect diverse voices</p>	<ul style="list-style-type: none"> How are other stakeholders heard? What is the balance of Board expertise (beyond just business)? Are presentations heard from groups impacted by decisions? 	<ul style="list-style-type: none"> Include non-traditional board members drawn from a wide range of organizational stakeholders
<p>Aim High Set moral aim and leadership goals</p>	<ul style="list-style-type: none"> What is the purpose or mission? What are the long-term priorities for success? How is leadership modelled and managed towards the full spectrum of results? 	<ul style="list-style-type: none"> Rewrite corporate purpose and mission in terms and with goals that are broader than financial
<p>Serve Care Define and measure against social responsibility criteria</p>	<ul style="list-style-type: none"> How is social responsibility defined and measured? How are CSR best practices incorporated? How are human impacts of decisions acknowledged and addressed? 	<ul style="list-style-type: none"> Commit organization to membership in national programs such as "Imagine"
<p>Actualize Accountabilities Checks and balances "Watchdog with teeth"</p>	<ul style="list-style-type: none"> Have the terms of transparency been co-defined? How are results co-related with responsibilities. 	<ul style="list-style-type: none"> Adopt triple bottom line reporting including a third-party corporate ethical audit
<p>Initiate Generosity Governance member participation</p>	<ul style="list-style-type: none"> How are individual Board members personally engaged in the trust-building effort? 	<ul style="list-style-type: none"> Require Board Member (non-monetary) participation in charitable efforts of the organization

Perhaps it should not be surprising that we have experienced a marked rise in destabilizing suspicion at the time we have been dismantling many of our regulatory structures. While too much regulation is obviously restrictive and onerous, too little carries its own costly risks. Fewer checks have meant fewer balances. The task now is not to re-regulate but to co-regulate, co-conceiving the terms for performance and co-measuring results to reflect the inter-dependence of impacts and implications. In practical terms this leads to two

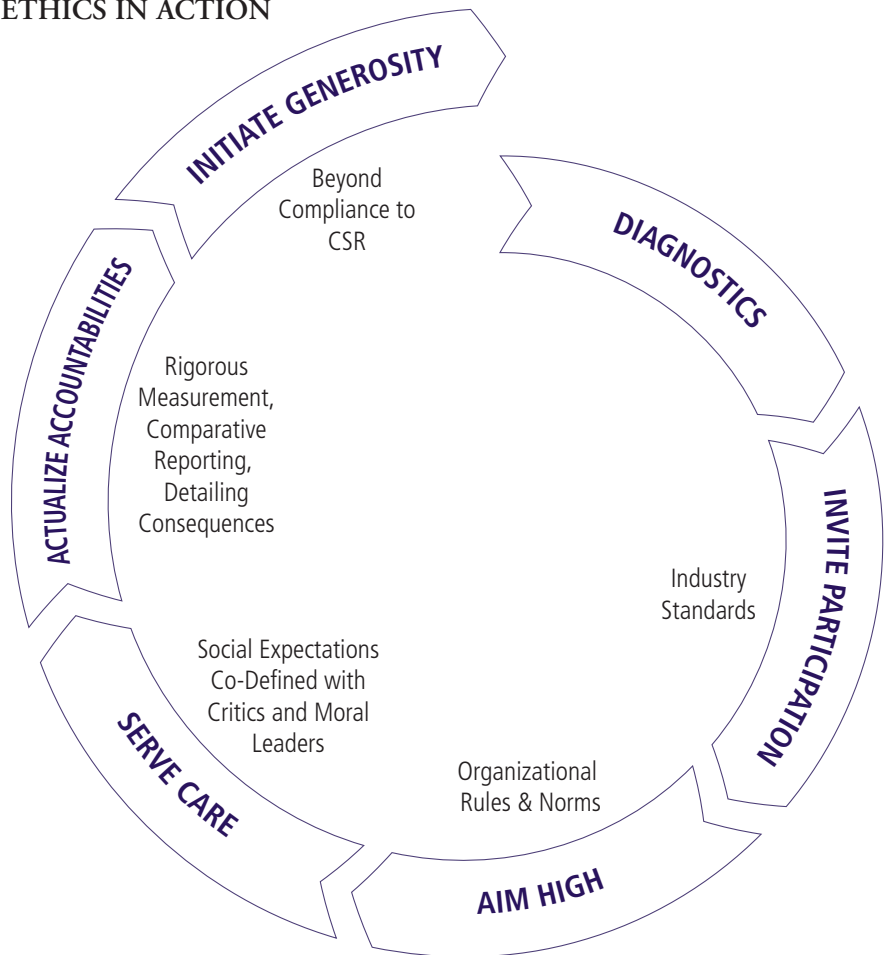
"Governance has become mechanistic – all about the plumbing. What we need is a discourse about corporate citizenship and some new basis of covenant."

Allan Gregg
Strategic Council Inc.

principles. First, transparency requires accountability to be meaningful; and second, accountability requires both reporting and consequence to be effective.

A similar dynamic of engagement following similar principles is also essential for ethical excellence:

ETHICS IN ACTION



Ethics are inherently relational so they cannot function effectively if only self-defined or imposed from the top-down. It has been said, for example, that “business ethics” is an oxymoron. Actually, the contradiction is not morally based commercial activity but morality defined exclusively by the commercial activity. Even when principle is personally owned and understood, the discernment of what is right still relies on reflective engagement of other reference points.

7.2.2) Trust Framework for STRATEGIC PLANNING

Trust Framework Step for Strategic Planning	Questions to Answer	Trust-Building Ideas
<p>Invite Participation Investigate voices beyond the target group</p>	<ul style="list-style-type: none"> ○ How does research include broader impacted relationships? ○ What critics are included in the advisory process? 	<ul style="list-style-type: none"> ○ Form customer and employee advisory boards to the strategic planning process
<p>Aim High Set relational and operational goals</p>	<ul style="list-style-type: none"> ○ How do plans reflect non-business but relevant factors? ○ How is the mission served? 	<ul style="list-style-type: none"> ○ Co-define with stakeholders strategies to achieve new corporate purpose and mission ○ Investigate and include diverse voices
<p>Serve Care Align social responsibility and strategy</p>	<ul style="list-style-type: none"> ○ How will strategies serve employees and customers for the long-term? ○ How does the plan strengthen relationships and enhance credibility? 	<ul style="list-style-type: none"> ○ Introduce specific social responsibility goals
<p>Actualize Accountabilities Measure trust and credibility as performance factors</p>	<ul style="list-style-type: none"> ○ What are the full measures of success? ○ How do these reflect respect for relationship? ○ How is social performance certified or authenticated? 	<ul style="list-style-type: none"> ○ Fully dimensionalized target development and results reporting
<p>Initiate Generosity Link CSR to KSFs</p>	<ul style="list-style-type: none"> ○ What are the human or social needs redefining organizational excellence? ○ What global or social trends impact effectiveness and credibility? 	<ul style="list-style-type: none"> ○ Incorporate C.S.R. as a key success factor in planning activities

7.2.3) Trust Framework for HUMAN RESOURCES

Trust Framework Step for Human Resources	Questions to Answer	Trust-Building Ideas
<p style="text-align: center;">Invite Participation</p> <p style="text-align: center;">Listen to and honour employee voices</p>	<ul style="list-style-type: none"> ○ How does the individual contribute to organizational credibility? ○ What are the factors strengthening internal and external relationships? ○ How are ethics elicited and deepened? 	<ul style="list-style-type: none"> ○ Employee Advisory Board for ethics / trust issues
<p style="text-align: center;">Aim High</p> <p style="text-align: center;">Set terms for corporate / employee relationship</p>	<ul style="list-style-type: none"> ○ How does the job fulfil organizational purpose and personal potential? ○ What are the ethical expectations of performance? 	<ul style="list-style-type: none"> ○ Embed trust curriculum into leadership development and new employee induction programs
<p style="text-align: center;">Serve Care</p> <p style="text-align: center;">Encourage employee involvement in change initiatives</p>	<ul style="list-style-type: none"> ○ How are daily priorities reflective of social and relational aims? ○ How are trust-targets operationalized? 	<ul style="list-style-type: none"> ○ Time off in lieu of volunteering program
<p style="text-align: center;">Actualize Accountabilities</p> <p style="text-align: center;">Set internal trust index targets</p>	<ul style="list-style-type: none"> ○ What is the state of credibility inside the organization? ○ What behaviours or actions affirm trust? ○ How are results affected by credibility? 	<ul style="list-style-type: none"> ○ Develop and report on an Internal Trust Index
<p style="text-align: center;">Initiate Generosity</p> <p style="text-align: center;">Corporate support for employee care efforts</p>	<ul style="list-style-type: none"> ○ How are employee strengths used to contribute to the community at large? 	<ul style="list-style-type: none"> ○ Corporate donation matching to causes where employees volunteer

7.2.4) Trust Framework for Marketing & Brand Management

Trust Framework Step for Marketing & Brand Management	Questions to Answer	Trust-Building Ideas
<p>Invite Participation Listen to and honour customer voices</p>	<ul style="list-style-type: none"> ○ How have employees and customers been brought into the promise for performance? ○ How does the brand experience contribute to relationship? 	<ul style="list-style-type: none"> ○ Create Customer Advisory Board
<p>Aim High Set vision for corporate / customer relationship</p>	<ul style="list-style-type: none"> ○ How is the vision embedded in the brand promise? ○ How does the brand benefit or value contribute towards the vision? 	<ul style="list-style-type: none"> ○ Embed the concept of customer value management into the development of the customer offer and experience
<p>Serve Care Fulfil social responsibilities</p>	<ul style="list-style-type: none"> ○ As a public entity, how does the brand reflect expectations for social performance? ○ What are the gaps between public needs and brand delivery? 	<ul style="list-style-type: none"> ○ Ensure service delivery is aligned to what is promoted
<p>Actualize Accountabilities Set consumer trust index targets</p>	<ul style="list-style-type: none"> ○ How does performance warrant loyalty? ○ What are the dynamics impacting trust and credibility? ○ What recourse is available to customers to address concerns? 	<ul style="list-style-type: none"> ○ Develop a Consumer Trust Index
<p>Initiate Generosity Offer corporate resources in kind for social causes</p>	<ul style="list-style-type: none"> ○ How is brand equity shared to lever social or community needs? 	<ul style="list-style-type: none"> ○ Donate a portion of Marketing airtime to public service / charity announcements

7.3 For Individuals

These applications in governance, ethics, strategy, human resources and marketing or brand management are not exhaustive but exemplify the possibilities for using a Trust Framework to renew operating practices and at the same time respond to the exigencies of more suspicious and skeptical relationships. Obviously the investment in trust cannot be only structural or by default to some higher governance authority. We need robust and dynamic checks and balances, but we also need people to take the lead on defining the values and actions that restore trust and reduce skepticism. Social capital is social, created and experienced in relationship, and as such all of us have a role in adding to this shared treasure. Reconnection, reengagement and re-integration are all possibilities that we can only realize together. Togetherness can only be based on personal interaction which means that trust will not be fully realized unless individuals practice their own reflection and commitment to some of the principles embedded in the Trust Framework.

While most of this paper has focussed on the systemic and organizational contributions that can be made to rebuild trust, we believe that without active engagement at the individual level, these efforts will fall short of their full potential. This then is a call to all members of society across every social location and income strata. This is a call to individuals who believe they can each make a difference and have the courage to engage with those outside their normal circles of interaction. This is a call for contributions to missing generosity that will overcome suspicion and rebuild trust. And finally, this is a call to our leaders across the public and private sectors.

Clearly it will not be enough for leaders to simply agree with the diagnostics and then delegate implementation to someone else. An inescapable precondition for restoring trust is the active and visible participation and engagement of leaders. Their presence will have more than a symbolic impact. It will be a living demonstration of the alignment between thoughts, words and actions. Only by the genuine outreach of leaders will, those who feel disenfranchised, ignored and marginalized return to the game of social engagement. We cannot stress enough that without leadership, we will collectively miss a great opportunity for fundamental, far-reaching and deeply renewing societal transformation.

Throughout this study, we have learned that trust is important but fragile, in decline and costing us plenty in friction, inefficiency and diminished expectations. We have learned that mistrust isolates and frustrates, and most importantly makes the whole of Canada diminished so that it is becoming far less than the sum of its parts or possibilities. And we have learned that since suspicion is a liability we must have the courage and clarity to invest in trust, co-creating the possibilities for dialogue and inclusion, co-affirming our interdependence, and co-imagining the possibilities of accountability based on human generosity and care. Building trust is definitely a cost to companies, institutions and individuals, but it is one worth making because the price of suspicion and its disintegrations is far steeper.

Works Cited

- 1 Trust and Business Ethics Study. CIBC and the Centre for Ethical Orientation. November 2002. P. 43.
- 2 Francis Fukuyama, *Trust: The Social Virtues and The Creation of Prosperity*. London: Hamish Hamilton. 1995. P. 26.
- 3 Michael Porter, *The Competitive Advantage of Nations*.
- 4 Employee Fraud Prevalent in the Workplace. Ernst & Young, January 8, 2001. www.ey.com. Cited in a report from The Conference Board of Canada.
- 5 Robert Putnam, *Bowling Alone. The Collapse and Revival of American Community*. New York: Simon and Shuster. 2000. P. 135.
- 6 Data cited in a report from The Conference Board of Canada.
- 7 Douglas V. Porpora, *Landscapes of the Soul. The Loss of Moral Meaning in American Life*. Oxford: Oxford University Press. 2001. P. 72.
- 8 Howard Gardner, Mihaly Csikszentmihalyi, William Damon, *Good Work. When Excellence and Ethics Meet*. New York: Basic Books 02
- 9 Ronald C. Arnett and Pat Arneson, *Dialogic Civility in a Cynical Age*. Albany: State University of New York. 1999. P. 128.