

ON TRUST AND VALUE

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An Australian supermarket recently slashed its price across the country of 'home brand' milk. Its national competitors quickly followed suit. A price war had begun, virtually impossible to stop. Local competitive brands were driven off the supermarket shelves; their supply chains began to dry up and many farmers walked away. In some parts of the country the dairy industry has collapsed. Is this right and good? Certainly, the supermarket CEO considers it good. But not the dairy industry.

What we call progress may well have the seeds within it of its own decline. Whatever the circumstances, we all run the risk of being preoccupied in seeking wealth and enjoying its fruits, while forgetting that which would truly guide our wise stewardship.

The problem is not new, but is betrayed by an anxiety which arises as we become more conscious of a global fragility - cultural, social, economic and technical - and our general inability to fully understand what is

going on, let alone do anything about it. The unprecedented ease of access to information and to each other through social media can contribute to a solution (think of the so-called Arab Spring). Equally, new media may displace or divert our attention from engaging with and reflecting on deeper truths and a common narrative framed through generations of trust and solidarity.

Tony Judt wrote in his recent book, *Ill Fares the Land*, about the bewilderment and loss not only of the meaning of words but of the very concepts that, for example, our forefathers held in common and took for granted. Our law-making and our political and institutional arrangements become truncated and lose coherence under the sway of untested economic nostrums and imperatives (the market knows best; competition theory) or worse, a very narrow utilitarian ethic that fails to take due notice of or give account of the true nature of the human person.



Madonna and Child by Il Sassoferrato

Sumantra Ghoshal, whose life's work was focused on the global business corporation, is perhaps more relevant to our concerns about business. Deeply and passionately aroused by the collapse of Enron, Ghoshal wrote a wide-ranging and perceptive analysis of business, in how it was taught and practiced. Through the wide lens of his analysis, he regarded as ineffective the moves by government and business schools to redress the problem of unethical practices in business, of which Enron was a clear example. Government's immediate response to legislate and business schools' introduction of new ethics programs would not touch, he asserted, the core systemic and deep problem, namely that bad theory had infected the minds of those teaching and running business. This was more serious, he claimed, than many in business were inclined to recognize, blinded as they were by prevailing modes of thinking and practice.

Ghoshal's analysis moved towards the foundations of thinking (of epistemology and philosophy), and somewhat predictably, were politely dismissed by prominent members of the Management Academy in its well regarded journal which published his paper posthumously. In my view, his commentators seemed unable to grasp the very paradigm that Ghoshal was critiquing. In this respect Judt was right. They seemed to have no notion of what he, Ghoshal, was saying. Their critique, on the other hand, provided them an occasion to offer their own theories as a 'corrective', rather than to take seriously, for example, Ghoshal's lament about the neglect of intentionality in theories of decision-making in business theory, and thence in its teaching and practice. In this neglect, he contested; there could be no real consideration of ethics and morality, whether in theory, in teaching or in practice.

I find myself agreeing with Ghoshal's diagnosis and, like him, significantly challenged by how to contribute to 'a fix' of the problem. In this regard, I have also been heartened by Benedict XVI's clarity and persistent call (especially in *Caritatis in Veritate*) about the need to restore the human person, in full measure, to business. For this, surely, is the crux of the problem, and the means to its resolution must approach a fuller appreciation and account of the *conscious and intentional* human person who chooses and acts. This is the challenge I will take up, in part, in this essay. From a holistic, person-focused view, I will treat of business as a living (metaphysical) entity creating value in and through the multiple and integral relationships of trust between the people who constitute it. The view is holistic in that one can find the whole in any part, evident, as I

hope to show below, in the most basic business transaction. My view also takes 'value' to be a transcendental quality related to human desire – for what truly contributes to human flourishing - and not as descriptive of the set of financial measures usually associated with estimating business and progress in general.

Certainly, business does focus on human values in the wants and needs it seeks to meet, and it does deliver remarkable results when it does this well. But equally, as in the case of Enron, things can go very bad when, in the pursuit of profit, deliberations about the human person, and its corollary of trust, is displaced from centre stage. Since this displacement occurs in minds of people, I suggest in this essay that a corrective measure can be found in our acts of self- reflection and deliberation. To this end, I will introduce the notion of *minder* and, through it, examine the role of trust in a simple business transaction. It will be clear from our discussion that trust involves a reciprocal act of self-giving (and self-making), and from this consideration, that business is primarily about giving and not (as stock-holders might think) about taking. Being reciprocal, genuine trust has, within it, an implicit recognition of notions of justice, fairness and equity and a willing aspiration to honor them. Being intentional, trust is the foundation of (and duly upholds) free, alive, sustained and dynamic relationship. As holistic, it reaches into human solidarity, grounding all human endeavors and connecting it to Life itself, however we might name that.

Trust lies beneath and behind all we do (think of a child's relationship with a loving parent or good teacher), and remains unnoticed (in the subconscious or unconscious mind) until

something happens to engage our attention should its genuine intentional quality appear to be breached. In business, our awareness of trust can be lost within the thickets of procedure and habit. Yet it remains as the key to the existence and prosperity of any business entity.

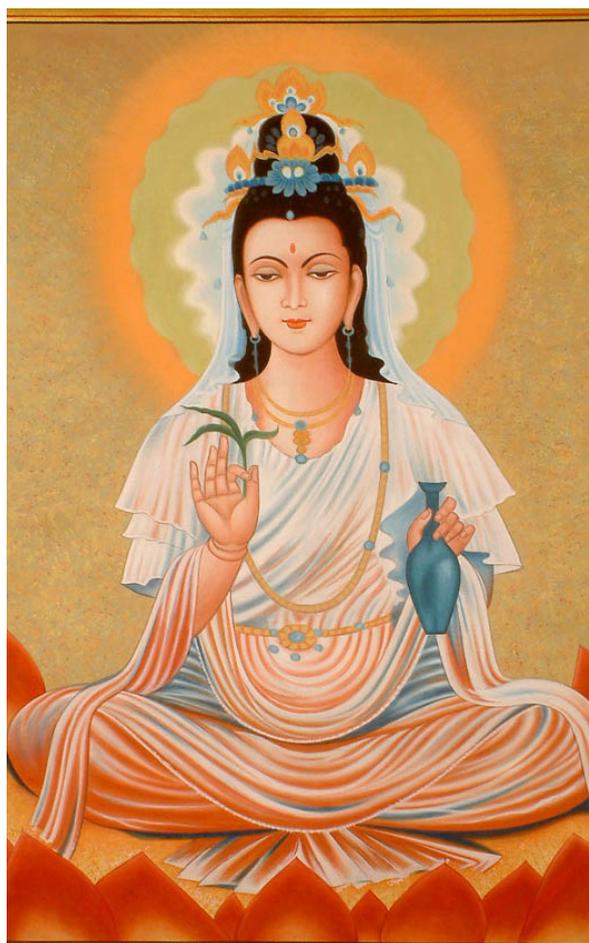
Consider a simple example, such as catching a bus. I have done it before; I know the route and the bus number. I do it largely by habit, and trust lies in the background, but nevertheless is operative in my self-minding. Here comes a bus, with the right number displayed. I alight and notice a new bus driver, to whom pay my fare and then take a seat, confident that my bus is going to my destination, perhaps wondering whether the driver is skilled and patient enough to deal with the peak traffic and the numbers of passengers soon to enter the bus. But in taking my seat and attending to my own affairs, I am *minding* my own business. But this *minding* occurs in two senses, so to speak.

Allow me to pause a little on this notion of *minding*. I use it in a way similar to the common notion of a political *minder* – someone who looks out for the politician's interests, advises him or her on what action to take as situations arise, and generally manages the interruptions and requests being made by others. In self-minding (is this not the heart of us?), part of us keeps an eye on things, and looks for our own interests. And, as we shall discuss, the root of our own interests can be shown, on reflection about our own genuine deliberations, is solidity with the common good, or as some might call it, the integral human good.

To return: the first meaning of *mind*ing my own business (having taken my seat on the bus) is that of common use. I am managing myself, within myself – the direction of my gaze and attention, my thoughts and questions, judgments, deliberations, choices, and actions, words and gestures – apart from and in addition to my involvement with the bus. I may be reading a book, or talking on my cell phone, or simply and quietly reflecting or praying. In the meantime, I am ‘taking a ride’ on the bus. But note, for me to ‘take’ this ride, others must be first there to ‘give’ – of themselves, their skills and their time – in order to deliver the *promise* given by the bus company to meet my *need* for a safe, efficient and timely ride. But this my side of the case: for the company rightly expects of me to give some measure of myself – of my wealth (in the fare I offer) and perhaps a cluster of virtues, such as courtesy, good manners, honesty, non-violence, patience and tolerance. This then opens the second meaning of ‘*mind*ing my own business’.

This second meaning of *mind*ing my own business is how I mind – give due attention, reflection, deliberation and responsible choice - to my role in and relationship with the bus company. For as soon I enter the bus, I am taking on personal responsibility for my side of a relationship, namely my relationship with the bus here and now (with its driver and its passengers) and then, by extension, with the bus company to which I offer my fare. I have a *need* for transport, and the bus company *promises* to provide it. I therefore have a rightful *expectation* that, in return for my fare, the bus company will deliver me safely to my destination. I trust my body (and personal welfare) to its care, and in doing so, the company assumes responsibility

to deliver me to my destination, safely, securely and on time. In *mind*ing this part of my own business – as a client of the bus company – I am possibly paying attention to the route the bus is taking and whether it is being handled safely by the driver, and meeting the general timetable. If I become aware that the driver is slack or unsafe, I may become dissatisfied and angry and feel driven to do something. My *self-mind*ing is activated: it probes the reasonableness of my feelings, assesses the situation and the risk of delay - and whether I can tolerate such risks; I consider my options and deliberate whether to act or put up with my discomfort. I may seek a conversation with the driver, and together we *jointly mind* the situation, perhaps to find



Quan Yin Bodhisatva , Goddess of Mercy

together and agree a solution to whatever problem might have arisen in the journey.

Here, the business I am minding is that of my 'role and place' in the bus company. When I enter the bus, the driver effectively (in *his* self-minding) trusts me to participate in his company's enterprise; he offers the gift of bus transport having first judged my bona fide, (that I am not a terrorist) and that I am able to provide the correct fare for my journey. The company, in turn, delegates (trusts and, thus, empowers) the driver to do this part of his job competently and honestly and to take appropriate action, should he judge me untrustworthy.

Trust holds the reciprocal *values expected* of the persons in the relationship in creative tension and open to new possibilities of its expression and delivery of value. The bus driver expects passengers to pay their fare, not block the aisle nor disturb the peace! The passenger expects a safe and timely ride, and that the driver will attend to any relevant concerns passengers might have. The bus business succeeds to the extent that this primary relationship works, and is repeated time and again. Trust becomes embedded and largely unconscious but a hidden metaphysical factor underpinning the company's viability. It is the pact that binds the values implicated in the exchange.

A similar analysis can apply to the other critical stakeholders of the bus company. An invisible web of *self-minding* trust that the other will honor their side of the bargain applies equally to suppliers, staff, bankers, government bodies, road authorities, even competitors (that the bus does not stray from its route!) and reciprocally,

by the company's governance, executive and operating staff (depending on how well they have been trained and made aware of their roles) towards them.

Trust enables the offering of reciprocal gifts of specific valued goods and services (that contribute to human flourishing) and is active (mainly in hidden self-minding) until the particular good or service is delivered to each party. Without it, relationship is illusory; without a relationship there is no business. Consider Enron's financial advisor, Arthur Anderson, following Enron's collapse. Their clients withdrew their trust when they understood that Arthur Anderson's advice had contributed to Enron's state of affairs. As they did so, AA virtually disappeared from the radar, though all the assets - the people, buildings, documents - remained and needed to be disbursed.

Trust enables us to walk in the shoes of the other. A business which takes no heed of its stakeholders - and what they entrust to it, explicitly or implicitly - faces serious danger. The captain of the Costa Concordia failed to honor the trust of his passengers that he would provide a safe passage on the sea. When sailing close to the Isola del Giglio in the Mediterranean, his self-minding judged (wrongly) that his local knowledge of the underwater hazards would enable him to override the computerized pre-programmed route. The CEO of BP, following its oil spill in the Gulf of Mexico, failed to show an empathic grasp of the trust given by the community that it would conduct safe and secure deep sea drilling. His comment reflecting the level of stress he was experiencing after the event, "I

too need to get my life back”, appeared to the community to be a mindless betrayal of trust given him and of the impact of the accident upon *their* lives.

The case of Bernie Madoff is, perhaps, different. As he admitted to his sons before they went to the authorities, his scheme was a lie from the beginning and could no longer be maintained. Trust was merely apparent, in which case, the self-minding of investors merits attention. Most were wealthy and prominent in business and social standing, especially amongst the Jewish community of New York. They were more likely to rely on others for due diligence; or they trusted too readily one of their own. Did the *promise* made to them (being select and special) of consistent, above-average return on their

investment blind their better judgment? For those who did request a briefing on his methods, Madoff would refuse, maintaining the need to keep his approach commercial-in-confidence. Trust needs be open to genuine critical thinking and all relevant questions. For any effective and prospering business, the trust between board members and CEO is paramount – and board members need to be fearless in questioning, not as a sign of distrust but, with a view to genuine partnership, as a legitimate means of understanding, testing and backing the CEO’s thinking and judgment.

The Global Financial Crisis was essentially one of the run-away breakdown of trust at the highest levels, namely *between* financial institutions as a result of their inability or



unpreparedness to penetrate how risk was being packaged in the financial products they had been trading. The obligations which flow from a trusting relationship (such as between the original home owners and mortgage brokers) were lost in the packaging – the metaphysical fabric had been severed, and it was merely time before the unreality of the trading was exposed. The global fragility of our financial arrangements that had displaced trust has become all too apparent.

The failure of government regulators in the case of Enron, Madoff and the GFC to provide timely and appropriate interventions and legal redress reveals further the slackness of minding, personal and institutional, that we face. A CEO recently confided to me that in his early years of running his business, trust between those with whom he did business was based on one's word. Today, that quality of trust has now become enmeshed and highly qualified within a thicket of legal documents. For an average person this kind of issue becomes apparent in what may appear to be a harmless insurance claim. Fine print and legalese may well exclude from cover what one took for granted as being covered. And for the insurance, *caveat emptor* is always its justification, not the responsibility to fully appraise the insured with clear, readable, policy information.

Furthermore, removed from personal acts of trust are those for whom the legal principle of incorporation enables them to erect barriers beyond which the law cannot go, whatever harm might be visited on stakeholders.

What place has money within these considerations? As trust is the hidden power

within relationships, providing the sustaining fuel for creative collaboration that gets things done, money can be its tangible expression in space and time. Money is essentially offered by Caesar (or now the State) as a token for citizens to use in *full trust of State power* (Render to Caesar the things that are Caesar's) and promise. The State guarantees to 'back' its currency, offering laws and tribunals that ensure justice is done in the currency's dispersal and movement. Our rightful trust in using money would therefore extend to honoring the laws (including just taxation) that regulate its use. In this sense, it might be noted that money buried in the ground has no value. Only when it is involved in a transaction (when it moves and circulates) does its representative value 'take hold' and it becomes the means of 'getting things done'. By having money, I have *potential* power to purchase goods and services that I consider I need in order to flourish. In an exchange of trust, this potential power becomes real in being the exchanged equivalent for the goods or service being provided. When someone takes my money, they, in effect, trust that the money is not counterfeit – (or if I use a credit card, that the bank will honor the payment) – and that the value (purchasing power such as to be able to pay rent, or buy food) they acquire in its transfer for their own human flourishing, is preserved.

Where business becomes committed to making money for its own sake (a high return to investors at any cost) it has placed 'taking' ahead of 'giving' and has consequently lost sight of business's primary purpose, namely the collaborative task of producing a valued good or service (without direct harm to any stakeholder). A business is naturally fertile,

for in delivering a valued good or service to a customer, it magically creates opportunities for other goods and services – to its employees (a job, a wage, a chance to grow, be creative and contribute to society), to its suppliers (a steady stream of work, fair prices, challenging opportunities also to be creative and innovative), to its financiers and investors (a measured risk and a growing return on investment, a chance to contribute to the prosperity of the nation..) and to the community (fair taxes, respect for and contributing to the quality of the environment). Admittedly the task of governance and executive to balance the respective needs and expectations of stakeholders and keeping one's promise to them is not straightforward, but requires deep and mindful deliberation at all times and a clear set of commitments, delegations, and accountabilities throughout the organization.

Caux's principles of business, and particularly its self-assessment tools, reflect this requirement of corporate policy setting, implementation and monitoring of outcomes. But conscience is personal and acts in the here-and-now: its corporate equivalent requires each person, at their particular level, to appropriate clearly the trust dimension implicit in their work. This appropriation and self-minding, can shift their deliberations towards what it is that they are giving, on their side of the bargain, rather than an exclusive focus on what they are taking.

Social and political fragility is particularly evident where trust breaks down between people of different beliefs, races, tribes, backgrounds, social standing. In the absence of trust, physical power and coercion are used to

get one's way, collaboration being non-existent. Recovery of trust can only come about through 'breaking the word', by opening conversation, by extending the hand to the other as a sign of 'self-giving', and by genuine dialogue that seeks to understand the other. In this way, business provides, in all its dealings, opportunities to bring to the fore the vital, life-giving role of trust.

It remains in this short essay to reflect on the notion of value implicit in trust. Business adds value to peoples' lives – that is its proper nature – and flourishes when it honors trust. How do we 'connect the dots' between the various values offered in any particular business's goods and services with the 'larger good' or set of values that correspond to what has been called the 'common good'? In Judt's terms, has our self-interested search for material wealth and prosperity narrowed our focus on what is the true worth of things? Has it distorted our view of what we are actually doing when we engage in business? To move from a mindset of pure self-interest to that of solidarity challenges the general business paradigm. Many may put aside their 'better' selves when they enter business – for there, the rule of the game appears to be to look after No.1. But even to do so, one relies on others, enters into trusting relationships to deliver (fairly) what No. 1 desires and wants. One implicitly acknowledges notions of justice and fairness, though one's self-minding (as conscience) can play many tricks on one.

The question, 'what am I doing and is it fair?' can arise spontaneously in self-minding, but equally ignored and brushed aside, or given a curt response, such as 'everyone is doing this – its how things are done; otherwise you go

under'. A telling example was offered by one of Enron's traders, after the event, and when he had realized, too late, his contribution to the fiasco. Although encouraged by the corporate culture to ask 'why?' as a stimulus for the best minds of the company to challenge orthodoxy, to 'break out of the box' and to be creative, he suppressed his own question about *why* he was doing *what* he was doing, for he knew he did not want to know the answer. His self-minding was indeed very astute!

In any thorough (self-minding) deliberation that precedes business choice, we attend to feelings that arise, we make sense of what they may be indicating, we attend carefully to the situation we may be facing, we ask of ourselves all relevant questions that could bear in upon consequences and risks to ourselves and others that opportunities present, and more particularly, we make a reasoned judgment about the values implicated in our choice. The legal philosopher, John Finnis, argues that there is a common set of 'goods' (the integral human good) from which our deliberations on particular needs and wants take their bearings. He proposes that we can identify these in our own deliberations, as 'ends' we naturally seek: preserving life itself; being skilled in what we do; acquiring knowledge; sexual association between man and woman for mutual support and procreation; achieving harmony within oneself (a good conscience), with others (evident in friendship) and with higher sources of meaning (such as in religion).

In conclusion, five keys for cultivating self-minding in our relationships (of trust) are practical and accessible to all: 1) be open and, with courage, ask the hard questions; 2)

be attentive to the data, including our own feelings and inner voice; 3) be clear in one's understanding; 4) be reasonable in one's judging; 5) be responsible in one's choosing and acting. Thus, I would suggest, through giving due recognition of intentionality in the make-up of oneself and others, one will be better placed to contribute to good business decisions and to progress in human solidarity and flourishing.

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