

Foro de Firmas with INCP and Javeriana University

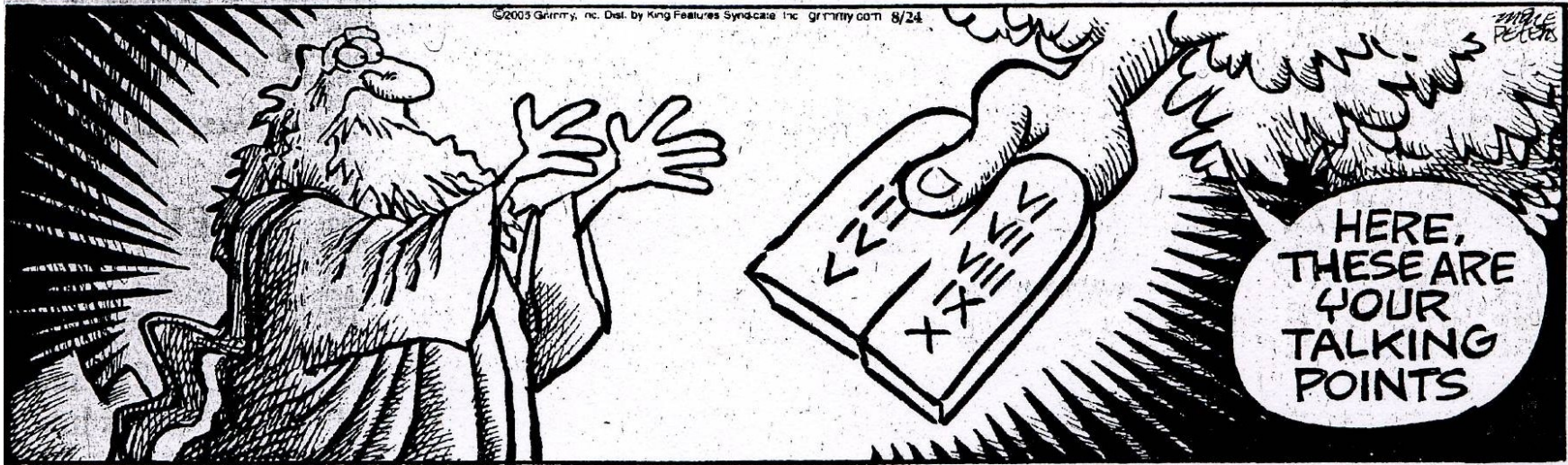
“Building Trust in a Sometimes Ethically Gray World”

By

David W. Miller, PhD
Princeton University



MOTHER GOOSE & GRIMM



Talking Points

- Thank you
- Code of Ethics and the Profession
- Building Trust
- Ethics in the Gray Zone, some tips and practical experiences....
- Q&A
- Thank you



*"It's up to you now, Miller. The only thing that can save us
is an accounting breakthrough."*

Princeton University



Princeton University Faith & Work Initiative... Mission

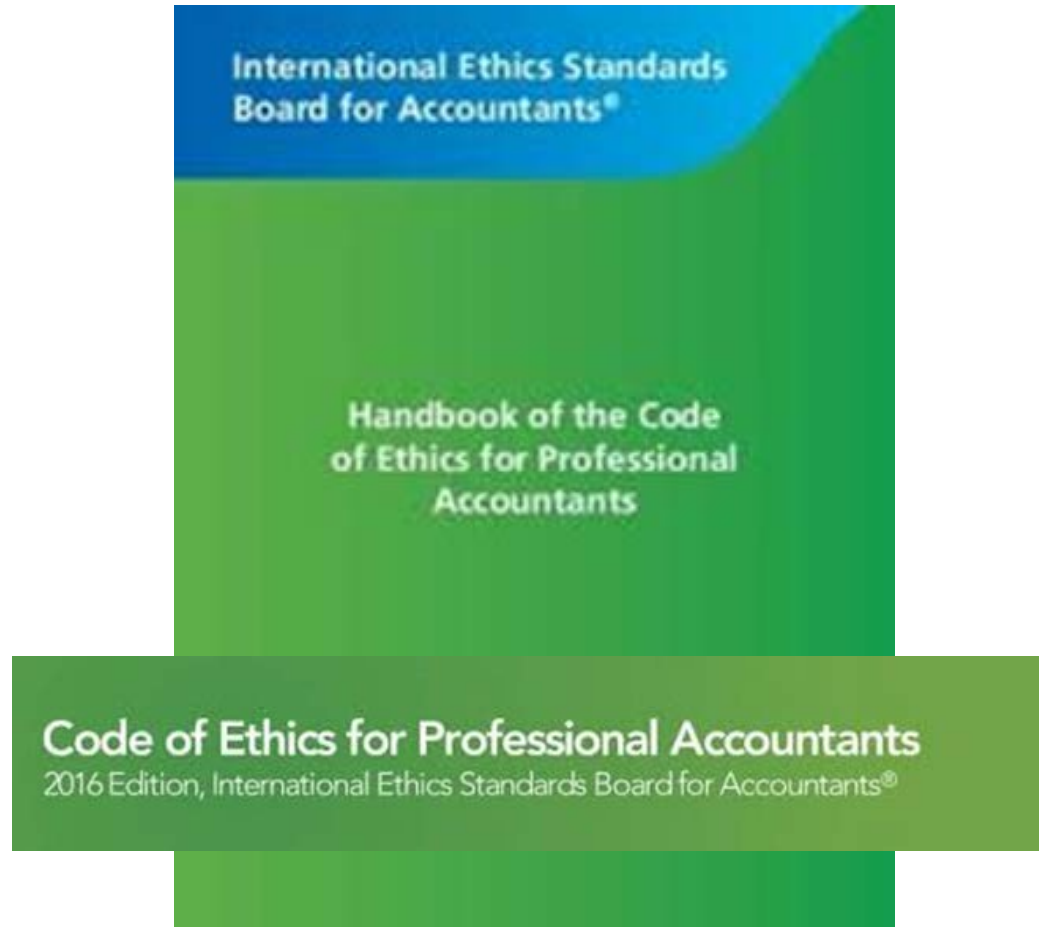
to conduct **research** into **faith and work**,
developing **theoretical frameworks** and
practical resources
for **leaders** in the **marketplace**.



Business Ethics & Modern Religious Thought



Codes of Ethics & the Professions...



Codes of Ethics in the for-profit world...



Code(s) of Ethics & the Professions...

- Why?
- Why international codes?
- Historic concept of a profession:
 - Law, medicine, divinity (and later accounting)
 - Serve public interest; to build and sustain public *trust*
 - Agreed principles, standards, codes, education, training
 - Self-governing

Code of Ethics for Professional Accountants
2016 Edition, International Ethics Standards Board for Accountants®

Code(s) of Ethics & the Professions...

- House as a metaphor for a Code of Ethics
 - The unseen, the foundation, is the most important part
 - The unseen foundation supports everything that is seen
 - If weak, it will collapse on us
 - If strong, it will last centuries



Rana Building collapse in Bangladesh, 2015



Monserrate, built 17th c.

Turning to trust...

- Codes, professions and our theme of trust..
- Personal story...
- What was I looking for?
 - Integrity
 - Objectivity
 - Professional Competence & Due Care
 - Confidentiality
 - Professional behavior
- Sound familiar?

What is trust?

- “Assured reliance on the character, ability, strength or truth of someone or something; one in which confidence is placed” (Merriam Webster)
- Believing in and relying on someone or something, independent of the evidence

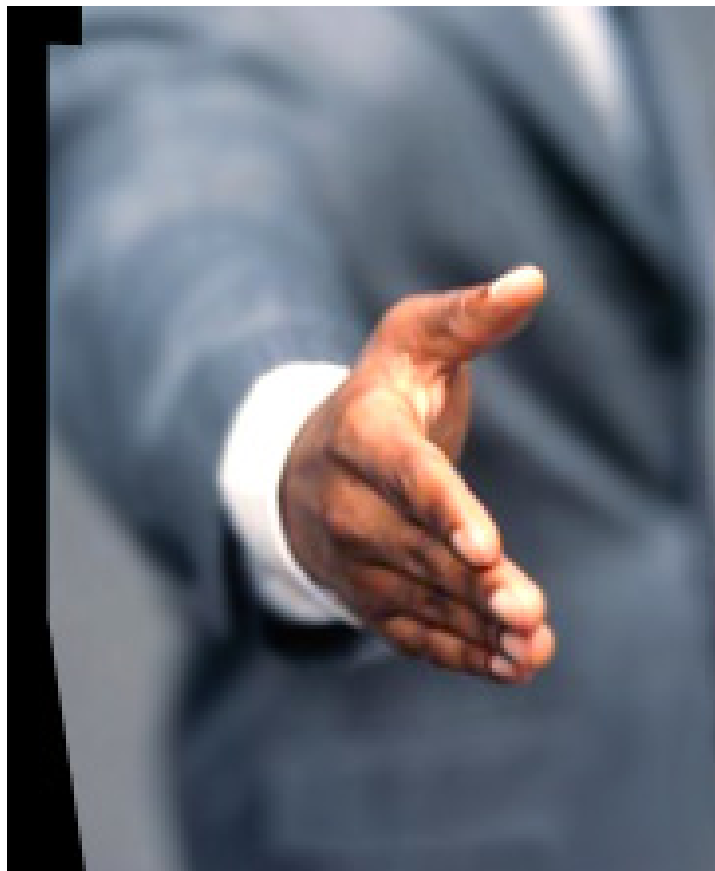
Trust takes many forms...



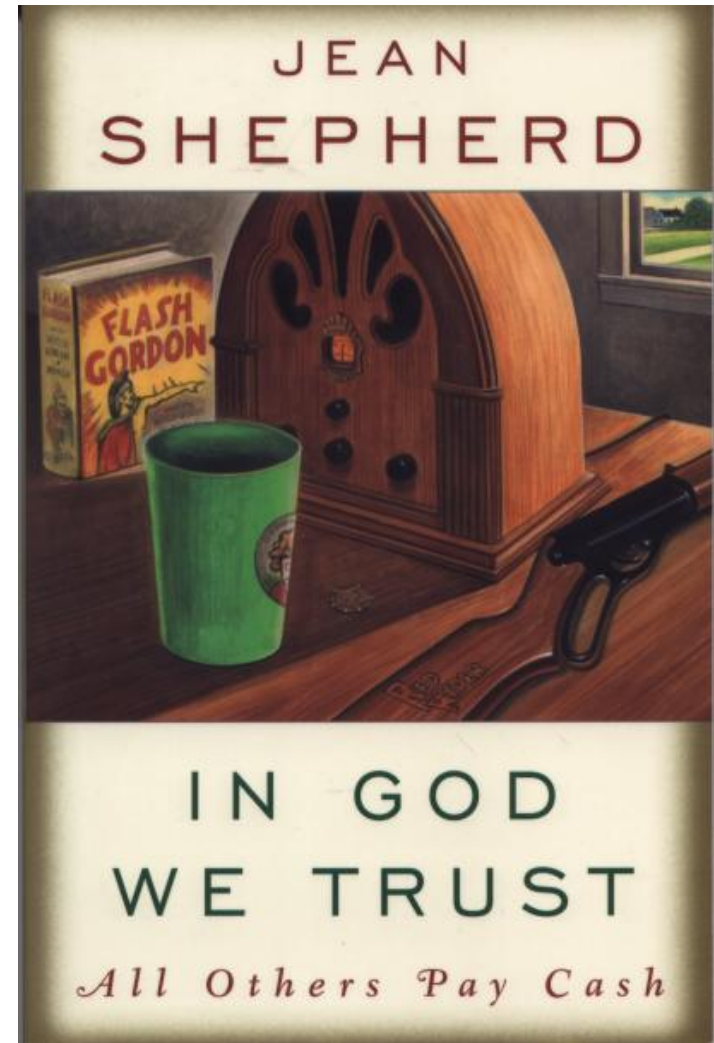
Trust takes many forms...



Trust takes many forms...



Trust takes many forms...



Trust takes many forms...



I do not recommend this form for your firm's trust-building exercise....

Trust takes many forms...

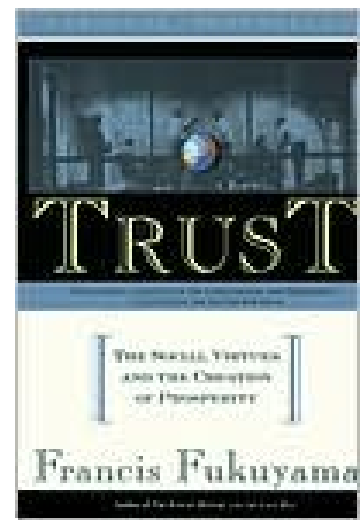
- “Trust but *verify*” –
US President Ronald Reagan



- Translation of Russian proverb "*doveryai, no proveryai*" (Доверяй, но проверяй)



But Why Trust?



Francis Fukuyama – political philosopher

- We cannot divorce economic life from cultural life
- Social capital as important as physical capital
- Only societies with high degree of social trust will be able to create flexible, large-scale, business organizations

Why Trust?

Stephen M.R. Covey – leadership consultant

➤ Trust

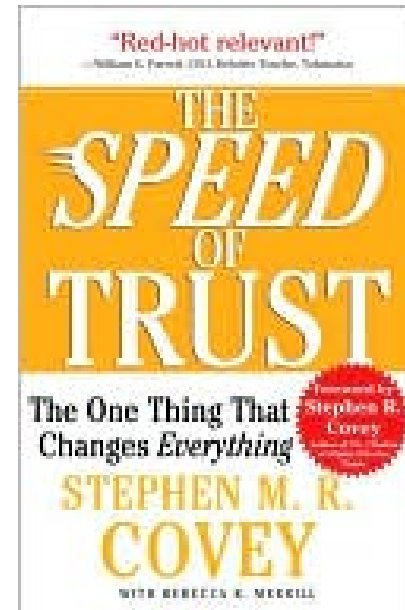
- strikes at the roots of business
- is deep, practical, and comprehensive
- provides hope

➤ Trust

- Is not soft, illusive, or binary
- It is pragmatic, tangible, and an actionable asset you can create

➤ Nothing is as fast as the speed of trust

- The “trust tax”
- The “trust dividend”



Turning from trust to Ethics in the Gray Zone...

- What is the “gray zone”?
- Some practical experiences, tips, and thoughts
 - 3 kinds of ethics
 - Ethical Decision-Making Frameworks
 - General tips, observations.

Ethics in the Gray Zone...

- What is the “gray zone”?
 - When the law doesn't help
 - Conflicting principles in your Code
 - Choosing between two rights
 - Choosing between two wrongs
 - Facing pressure between firm values and client/culture values
 - Facing pressure between firm values and personal values

Three Kinds of Ethics

- *Preventive* ethics
 - Culture – real versus espoused
 - Tone at the top, mood at the middle, “buzz” at the bottom
 - “Preventive maintenance” and IBM’s “Mean-time-to-failure” practice
- *Actual* ethics
 - lived ethics, even in the gray zone
- *Restorative* ethics
 - Making amends – apologies, penalties, restitution
 - Making training investments - all levels, ongoing
 - Creative solutions - social media, new ideas, keeping it fresh

Case Studies

- *Preventive* ethics
 - Major professional services firm

- *Actual* ethics
 - Major manufacturing firm

- *Restorative* ethics
 - Two global banks
 - Major oil/energy company

In conclusion...



It takes time,
passion,
training, and
long-term
commitment.

Muchas Gracias!

David. W. Miller, Ph.D.

dwm@princeton.edu

Princeton University



2. Why Trust?

Les Csorba – executive search

- Trust is the one thing that makes or breaks a leader
- The brand isn't just an image but rather a measure of trust and relationships.
- Firms need to be honest, abide by their commitments, and show they care about customer interests.

