

CAN LEADERSHIP RESTORE TRUST IN OUR INSTITUTIONS AND ORGANIZATIONS?

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Let me come clean here. I don't know the answer to that question. And I realize through my research that no one else seems to be sure either. Maybe that is not a bad thing. Sometimes not knowing is a good place to start if leaders want to find the way forward.

Maybe you think we don't have a problem. If so, trust me when I say you are wrong. People are losing trust in government and in democracy itself. They don't trust the media very much and they trust the church even less. They don't trust many of the professions anymore, although nurses are still doing well. Companies are on the nose, especially banks, although small business still seems to retain our faith despite those exploitative franchise chains. We are living in an age when algorithms are trusted more than organizations – more later.

It would be appropriate for the times if you are having trouble trusting my word on this matter, so consider just one indicator. For the past seventeen years the private communications company Edelman has been interviewing 30,000 people across the globe to compile their "Trust Barometer". They released their 2017 results under the title "Trust in Crisis". They found that trust in all the major institutions was at an all time low. As the Oxford academic Rachel Botsman notes, "institutional trust, taken on faith, kept in the hands of a few and operating behind closed doors, wasn't designed for the digital age".

Bad behavior is being flushed out in the digital age. And there is so much of it! VW was about to seize the crown as the number one car

manufacturer in the world as they touted their fast, affordable and clean diesel cars. When it was exposed that they had installed a “cheat device” in their polluting cars in order to trick the laboratory testers, they promised to fix it. But they didn’t do that either – they improved the “cheat device” in the recalled cars to make detection more difficult! Even when the game was finally up, and in the face of massive buy backs, fines and losses, the soon-to-be-exited boss of VW blamed it all on a few rogue engineers who messed with the software. Yeah sure!

A bunch of countries went to war in Iraq on the basis of spin about “weapons of mass destruction” which was manufactured by politicians. Of course, that is not new. The Pentagon Papers revealed that Johnson lied about being attacked in the Gulf of Tonkin in order to justify attacking North Vietnam, and Nixon simply forgot to tell Americans that he had extended the bombing to Cambodia while he “brought the boys home”. Most of us associate the name Pulitzer with awards for excellence in journalism. But the newspaper publisher who founded those awards, responded to fierce competition from his tabloid rival Randolph Hearst in the late nineteenth century, by printing deliberate and vivid fabrications about Spanish attacks on American ships to cheer on the US war in Cuba. Dishonesty by politicians and the media is hardly new. What is new in the digital age is that it is more transparent.

The “casting couch” has been a euphemism associated with Hollywood since I was a young boy. In the age of #MeToo, names and dates and descriptions of these non-consensual deeds and abuses of power are circulating around the globe to fill in the picture. When I was young I happily served as an altar boy in the local church. I operated in blissful ignorance of the travesties and tragedies that were occurring daily for children in parishes all around the world.

There is certainly a lot happening to test our trust. Rachel Botsman argues in “Who Do You Trust?”, that trust hasn’t disappeared, it has simply moved on. She argues that institutional trust may be in decline but in the internet age a new dispersed or distributed trust is booming. And this type of trust is very disruptive to the commercial and social status quo. We were all taught not to get into cars with strangers, but now Uber is threatening taxi companies globally by winning our trust not only to drive with strangers but to pay them for the privilege. It was once considered laughable that people would rent out their family homes to holiday makers, but Airbnb is thriving and driving motels to the wall. The intermediary role of banks is not so important when people are willing to invest heavily in cryptocurrencies such as Bitcoin which are simply algorithms supported by Block Chain, are unregulated, have no gold reserves behind them and where even the founders remain a mystery. Indeed, the problem may not be the disappearance of trust itself but a displacement. And at times we still may be too trusting! Even these disruptors are facing their own stress tests when Airbnb residences are turned into party central; Uber drivers double up as psychopathic killers and; Bitcoin imitates the great Tulip Bubble.

For commercial organizations there is an urgent need to learn how this new trust operates and how to adapt to it. Even while the banks publicly opine on the outrageous riskiness of Bitcoin, they feverishly are attempting to create a role for financial intermediaries in the cryptocurrency action. Rachel Botsman defines trust as a confident relationship with the unknown. Institutional trust has enabled us to deal confidently with strangers because mechanisms are in place like brand reputation, and regulatory and corporate recourse. The challenge for the new internet businesses has been how to move people across that trust gap and try the unknown. And they are succeeding. They invented things like PayPal to mediate the receipt of

goods and payment to sellers, and thus eased us into purchasing merchandise online from strangers. For the behemoth Alibaba they created the money making TrustPass certification which enabled single traders from anywhere in rural China to display considerable professionalism to their global customers. And Block Chain is predicted to be a far more important guarantor invention than the actual cryptocurrency exchanges which it presently verifies.

Some surveys suggest algorithms on Facebook are delivering tailored narrow news to more people than any other single traditional mass media platform. Supposedly people are trusting this source not because of its balance and journalistic standards, but because of its personal fit. Rupert Murdoch has built the old media Fox News into such a commercial success by following a similar rule. The problem with some of these commercial successes is their social failure. Tribalism is one of the more primitive and destructive human tendencies which the great institutions enabled us partially to rise above.

We return to our original question about whether leadership can restore trust. What makes the question so important is that, although trust in institutions and organizations may be very diminished, the importance and relevance of those institutions for a well-run society and marketplace has not diminished greatly. Democracy is easy to deride but a trip to North Korea may prove a sober experience. Banks make it easy to hate them, but a visit to any third world economy will illustrate their value to a functional credit market. As brilliant as her book on trust is, Rachel Botsman spends only a few pages at the end addressing these societal challenges and admits she has few decent answers. Lots of authors are offering brilliant analyses of the problem but struggling for solutions. A C Grayling does an outstanding job of examining the classical roots of our great institutions and then offers little comfort with suggestions such as compulsory voting to salvage

democracy. As an Australian, I am all for compulsory voting, but I am pretty sure it will not be the savior of democracy!

I will not add my own trite solutions to this pile. But I am convinced that it will require the exercise of leadership by lots of people to address this major adaptive challenge for human societies. And I think that the matter of responsibility will be at the core of any way forward. One aspect of this is more obvious than the other. Folks in leadership roles need to accept responsibility and more scrutiny for themselves and their organizations to act ethically. The existing checks and balances in our system are being actively undermined by greed and self-interested groups and they need a more vigorous defence. Maybe leaders in society and commerce need to be searching also for the new Block Chain, Pay Pal and TrustPass equivalents to rebuild our confidence.

More controversially, leadership also needs to hold all of us more accountable for our role in this mess and for any solutions. It is all very well for political leaders to pander to our wish lists in order to win our vote, but actually they need to push back and talk straight to us. Maybe tell us baby boomers that the tax treatment of housing needs to change because we are robbing our children of a decent chance at home ownership. Maybe come clean with us consumers that we have dangerously altered the climate already and we will need to make substantial adjustments now to avoid catastrophes. Leaders may need to tell us that all our liking and not liking, voting up and voting down, and all our opinionating and righteousness, is not worth a pinch of salt on its own and we need to take organized action to effect change.

It will take courageous leadership to do this, but isn't it the nature of leadership both to take responsibility, and to give responsibility back to the people who need to adapt? I have answered my question with a question!

