Motivation Matters:
The Relationship Between Corporate Motives and Trustworthiness

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Abstract

Corporations are under increased pressure to be ethical. This, combined with the publicizing of ethical and socially responsible initiatives, raises questions about the motivation underlying these practices. While some suggest that motivation is immaterial as long as positive outcomes are achieved, I argue that understanding what compels corporations to engage in ethical activities "matters" because of the relationship between motivation and trust. Increased transparency has enabled stakeholders to see into corporations in ways never before possible, and motivation now constitutes an important part of how they assess whether a corporation is worthy of their trust. Companies that want to address problems of trust related to motivation should focus not narrowly on building trust (because trust pursued solely for its instrumental value is problematic from a moral perspective), but on giving stakeholders good reasons to judge them trustworthy. They can (and should) do this by cultivating their corporate character, being honest about their mixed motives, and ensuring their communications authentically reflect "who they are" as an organization.

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CHAPTER 1 - Context

They don't really care about the environment; they just want to look good so they can make a profit.
- Ljubomir Stevanovic, fellow master's student

Introduction

This impassioned statement, made by one of my fellow students, was an important source of inspiration for this thesis. It relates to a report we had been asked to prepare, as part of our master's program, for a large international bank. The company wanted ethical advice on the following question: how strictly should they stick to their policy not to invest in the Canadian oil sands?

Ljubomir, a self-defined cynic, held the position that the only reason the company developed this policy was because they wanted to convince their stakeholders that they were a "good" company. The fact that they were questioning how closely they should work to this policy seemed to further fuel his belief that they didn't genuinely "care" about the environment, and that their real goal was to make as much money as possible.

The Problem

My fellow classmate certainly isn't alone in his scepticism. His voice represents a growing group of individuals and interest groups suspicious about what drives corporations to commit to – and engage in – ethical behaviour. And they have good reason to be wary. While the majority of large public corporations now have a code professing their commitment to ethical behaviour (Kaptein 17)[1], we need only think

[1] A 2004 study found that, of the 200 largest multinationals, 52.5% have a business code.

back to the Enron case to realize that a formal commitment to ethics is worthless if it is decoupled from a company's operational reality[2].

External stakeholders aren't the only ones struggling with questions about ethics in business. Whether they like it or not, today's corporations face increased pressure to be ethical and socially responsible. All too often, they respond to this pressure by adopting and communicating new commitments or programs. From codes of ethics, to diversity programs, to signing up to the latest international human rights initiative, there's no shortage of ways for corporations to publicly assert their commitment to integrity. A case in point; it was largely due to NGO pressure that the international bank adopted its policy not to invest in the Canadian oil sands. However, the problem that arises is that these programs "appear shallow when they are forced and not terribly distinctive" (Maio, "Managing Brand" 240).

When accompanied by actual ethical behaviour, corporate commitments to ethics can have a significant positive impact. Indeed, the tangible benefits of corporate integrity can be seen across industries. From increased access to medicines, to lower carbon footprints, there's no doubt that many companies are taking action. However, these programs can be morally problematic if they are treated with insincerity by the organizations that adopt them. This is supported by research which found that if strategic legitimacy is the goal of codes of ethics, there may be no actual effort by the organization to act in an ethical manner (Long & Driscoll 173).

Disconnects between words and actions are perhaps most evident in the marketing of ethical conduct. BP's $200 million "Beyond Petroleum" ad campaign – started in the year 2000 – is a quintessential example of brand/behaviour misalignment. The campaign was launched in an effort to position the company as

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[2] Kenneth Lay's forward to the Enron Code of Conduct (2000) included the following statement: "As officers and employees of Enron Corp. its subsidiaries, and its affiliated companies, we are responsible for conducting the business affairs of the companies in accordance with all applicable laws, and in a moral and honest manner" ("Enron Code" 2).

environmentally friendly, but was viewed by many stakeholders as ludicrous. Not only did it pitch BP's smallest energy sector while ignoring its major one, but it failed to acknowledge that BP's investment in extractive oil operations is significantly larger than its investment in renewable energy (Landman).

It seems that what is problematic about this example boils down to our perception of BP's motivation. There is a sense in which something seems to be "missing", from a moral perspective, if the reason a company engages in ethical activities is not to make a meaningful contribution to society, but rather to ensure minimal conformity to society's expectations; the ultimate goal being to pursue its self interest without interference. This worry is emphasized by L'Etang, who argues that the use of corporate social responsibility (CSR) for public relations (PR) ends raises moral problems (111).

But does it really matter what drives corporations to commit to, and engage in, ethical behaviour? I will argue that it does, because stakeholders' perceptions of what drives corporations to engage in ethical activities affects the extent to which they judge corporations to be worthy of their trust. Understanding the relationship between motivation and trust will be integral to this argument. Trust is a function of two things: character (which includes motives) and competence[3] (Covey 30). Just as the extent to which I trust you depends in large part on my perception of your motives or intent, the extent to which a stakeholder trusts a corporation depends on their perception of why that organization does what it does. In other words, "the trust we have in people and *organizations* comes, in part, from believing they do care" (Covey 79, emphasis mine).

Given the argument that motivation matters because of its relationship to trust, one might wonder if trust in corporations is actually low, and whether it's

[3] While competence is certainly an important part of trust, the focus of this thesis will be primarily on trust as it relates to motivation.

problematic if it is. To address the first question, it appears we are indeed in a crisis of trust. Consider recent newspaper headlines:

- "Got Trust? No Way, Say American People"
- "Facebook and a Question of Trust"
- "Goldman Sachs CEO 'Committed' to Re-earning Trust"
- "Sarah Palin Says 'Trust The Oil Industry' in Aftermath of Terrible Spill"
- "EU's Barroso: Euro Zone Regaining Investors' Trust"

These headlines make clear that there is a growing sense in which institutional agents – from Goldman Sachs to BP – are untrustworthy[4]. Admittedly, there are factors other than motivation for ethical activities that have led the public to distrust corporations. However, exploring the problem of motivation as it relates to trust on moral matters is an important step forward in addressing – at least a part of – the trust crisis.

The current trust deficit is problematic for both stakeholders and businesses, for both business and normative reasons. Without trust, parties involved in a business transaction find it much more cumbersome and time consuming (Stoll 122). Moreover, in a recent study, 77 percent of respondents said they refused to buy products or services from a company they distrusted ("Trust" 18). Normatively speaking, low trust is problematic because it can be understood to be good in itself; provided, that is, it is not masking an evil (Baier 111). Ultimately, low levels of trust are problematic for society because "[a] complete absence of trust would paralyse life as a whole" (Luhmann, 1, quoted in Meijboom 9).

While distrust affects both businesses and their stakeholders, it seems appropriate that business – and not consumers, communities, or other stakeholders – should take steps to remedy the situation. After all, there is a strong case to be

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[4] While the recent decline in trust is obvious with respect to the banking sector, it also applies to business more broadly (Green 131).

made that it was business that got us into this situation in the first place. In recognition of this reality, this thesis takes business people – from executives to ethicists, to compliance professionals to corporate communicators – as its primary audience.

That business leaders could use some help addressing problems of trust is evidenced by the title of a session at the 2010 "Responsible Business Summit" conference; "Nobody trusts you – what do you do now? How to respond now that the reputation of business has been dragged through the mud" ("The Responsible Business" 7). Uncertainty about what to do is reinforced by a recent study which found that while trust in business increased, albeit slightly, over the past year, "[t]here is no clear indication…of exactly what business needs to do in order to be able to regain trust" ("Trust in Business Rises").

To conclude, the problem I'm interested in is whether it matters why corporations engage in and/or make commitments to ethical behaviour. It is somewhat tempting to break this problem into two: the first issue being "why corporations do what they do", and the second being "whether they do what they've committed to do". However, upon further reflection, it appears these problems are not so distinct. If corporations only engage in ethical activities to convince stakeholders that they are ethical so they can operate according to their self-interest (problem 1), the likelihood that their words and actions will be aligned seems relatively low (problem 2). Consequently, I will take these problems together, unpacking them as the thesis progresses.

Research Question

Does the motivation of corporations for ethical activities matter as it relates to their trust relations with stakeholders?

Significance of Opportunity

In an interview for the documentary film, *The Corporation*, Ray Anderson, founder and chairman of Interface, the world's largest commercial carpet manufacturer, made the following statement:

> I ask myself sometimes why so many companies subscribe to corporate social responsibility. I'm not sure it's necessarily because they want to be responsible in an ultimate way, but because they want to be identified and seen to be responsible. But who am I to judge. Who am I to judge? It's better they belong than not belong. It's better that they make some public profession than the opposite. (Abbott & Achbar 12.36.00)

Yet, watching Ray Anderson repeat the question "who am I to judge?" one can't help but think that, in some sense, he thinks that he *is* someone who should judge. I will argue that regardless of whether we are justified in judging corporations based on our perceptions of why they engage in socially responsible activities, we make these judgments. And they impact the extent to which we judge corporations as worthy of our trust.

So far, I have indulged the sceptics' viewpoint; acknowledging that there are good reasons to be suspicious about the drivers of corporate ethical behaviour. But perhaps it *is* possible for corporations to engage in socially responsible activities because they "want to be responsible in an ultimate way." As someone who has worked in the ethics office of an international corporation, I believe strongly that corporations can be genuinely motivated to do the right thing. After all, corporations are made up of people. Insofar as it's possible for individual managers to engage in ethical activities for moral reasons (which, I will argue, it is), and insofar as it makes sense to talk about the motivation of a corporation (which, I will argue, it does), corporations can make ethical commitments and engage in ethical behaviour "for the right reasons".

Given the suggestion that motivation matters because of trust, readers might wonder whether it is possible for corporations to increase trust with their stakeholders. Recent research suggests that it is; contrary to the belief that trust is a soft, illusive quality that you either have or you don't, trust is a pragmatic, tangible asset that we can create (Covey 2). And there are significant benefits to doing so[5].

While exploring whether "motivation matters" from the perspective of trust is important from a business perspective, this is ultimately a moral problem. This is confirmed by Stephen Green, Chairman and former CEO of HSBC, who recently wrote "if we are to restore trust, we must address what is at its root a moral question" (132). Exploring the question of moral motivation is also important for the practice of applied business ethics, because the question of why businesses engage in ethical practices is arguably a "predicate question to the role of ethics in business" (Joyner & Payne 298). Perhaps more importantly, investigating what drives corporations to engage in ethical activities is important because it is arguably through these corporations that we will address some of the world's most pressing problems. Maybe, just maybe, asking tough questions about why we do what we do can help make our world a better place.

Language Clarification

So far, I have used both "ethical behaviour" and "corporate social responsibility" to refer to ethical initiatives undertaken by firms. While these phrases are often used interchangeably, there has been considerable debate about what they represent. It has been argued that corporate governance and CSR cover only some aspects of business ethics (Fassin 266). It has also been suggested that four kinds of social responsibilities constitute CSR: economic, legal, ethical and philanthropic (Carroll 40). Regardless of whether one understands "ethics" or "CSR" to be the overarching umbrella, what is important is that this thesis seeks to explore the normative

[5] Achieving increased levels of trust is important from a business perspective; because trust influences corporate reputation, consumer spending, and a company's ability to navigate the regulatory environment ("Trust" 18).

responsibilities of corporations. It aims to identify what drives corporations to do what they "ought" to do; regardless of the label one gives these responsibilities.

Thesis Organization

This thesis is organized as follows. This introductory **Chapter 1** has outlined the context for this research. **Chapter 2** is theoretical in nature. It examines the importance of motivation from the perspective of moral theory; exploring what it means to talk about a corporation being motivated to engage in a particular activity. **Chapter 3** examines whether motivation is important from the perspective of a corporation's trust relations with stakeholders. Arguing in the affirmative, it puts forth that (because a narrow focus on trust can be problematic from a moral perspective) corporations should aim not simply to build trust, but to "be trustworthy". It then explores whether a corporation's motives must be perceived as "moral" for it to be judged trustworthy. I argue that while being perceived as morally motivated isn't *necessary* to be judged trustworthy, companies that are perceived to "care" about the targets of their ethical activities are likely to be judged more trustworthy than those that are not. **Chapter 4** explores the implications of this argument; offering practical recommendations for how companies can build trust by cultivating their corporate character, being honest about their mixed motives and ensuring their communications reflect "who they are" as an organization. **Chapter 5** concludes with my reflections.

CHAPTER 2 – Motivation

The line it is drawn
The curse it is cast
The slow one now
Will later be fast
As the present now
Will later be past
The order is
Rapidly fadin'.
And the first one now
Will later be last
For the times they are a-changin'.
- Bob Dylan, "The Times They Are a Changin'"

I do not regard business as something evil or tainted… all depends on the spirit in which a thing is done…
- Indian Seer Sri Aurobindo, quoted in Sudhir and Murthy, p.198

Introduction

The idea of spirit in the quote from Sri Aurobindo evokes thoughts of motivation; leading us to question whether the "spirit" in which an ethical action in business is done "matters" from a moral perspective, and whether it's meaningful to talk about a corporation as the type of agent that can be motivated. The purpose of this chapter is to explore these questions.

In many ways, the answer to the first question seems quite obviously to be "yes". After all, considering the motives that lead individual *people* to make decisions is an important part of how we evaluate those decisions (Di Norcia & Tigner 1, emphasis mine). However, there are many thinkers – environmental pragmatists especially – who argue that understanding what drives corporations to engage in ethical behaviour is immaterial as long as positive outcomes are achieved. There is a growing sentiment that we need not worry so much about *why* companies choose their individual paths to environmental goals, but rather that we should focus on *how* businesses can make the choice to pursue sustainability (York 100). In many ways, this position makes sense. In a world rife with problems ranging from climate change to poverty, should we not simply focus on solving these issues as quickly as possible, regardless of what drives us to do so?

Different moral theories have different answers to this question. Utilitarianism, Kantian deontology, and virtue ethics all place a different emphasis on why motivation is important (or not). Rather than address the question "what is the right thing to do?" questions of motivation answer "why should I do the right thing?" Instead of repeating the entire literature on motivation, this chapter examines the theories most relevant to our discussion; namely utilitarianism and virtue ethics. I argue that while corporations have historically worked within a utilitarian-like framework, transparency has changed the world such that many corporations are moving to a kind of utilitarian-virtue ethics hybrid.

The Role of the Corporation

Before looking at what different moral theories say about motivation and whether corporate motivation is a concept that makes sense, we must establish that "business" is a context in which a discussion of morality is appropriate. To many, the term "business ethics" is an oxymoron, or as one American Journalist put it "a contradiction in terms, like jumbo shrimp" ("Doing well"). Given recent scandals – including Enron, Siemens and now BP – the prevalence of this view is understandable. Yet there are many who find the division of spheres that this view assumes problematic. Stephen Green captures this problem in his book *Good Value: Reflections on Money, Morality and an Uncertain World*, writing that "[o]ne of the most obvious and commonplace manifestations of the tendency to compartmentalize is seeing our work life as being a neutral realm in which questions of value (other than shareholder value) or of rightness (other than what is lawful) or of wisdom (other than what is practical) need not arise" (18).

While there is a growing recognition, by Green and others, that business *is* compatible with moral values, there are many who argue that corporations shouldn't be in the business of ethics at all. Economist Milton Friedman is perhaps the most well known of this group; famously arguing that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits" (M. Friedman).

Yet despite the widely held belief that "the corporation is legally bound to put its bottom line ahead of everything else, even the public good "(Abbott & Achbar 10.15.26), there is a growing body of evidence which suggests that business today must take a long-term view and consider a more subtle range of interests[6]. This is supported in research conducted by de Jonge, which found that the role of the corporation in society has evolved from legal, moral, and cultural perspectives (26). Clement, as cited in de Jonge, found that there is now a legal basis (laws, regulations and court decisions) allowing for the business judgment rule to be applied to a wider range of stakeholders[7] (34). The implication of these findings is that "[t]he older, simpler, Friedmanite idea that the sole job of a business is to create profit for shareholders has proved insufficient to sustain value and – in the end – a bad deal for shareholders" (Green 157). As stakeholders place more and more importance on values and ethics, it seems clear that generating value – over the long-term – requires the corporation to behave in an ethical way. Having established this; let us turn to the theoretical framework that has traditionally characterized corporations.

The Utilitarian Perspective

Utilitarian moral theory is primarily concerned with maximizing utility. While the goal of profit maximization referred to in the previous section is admittedly narrower than overall utility maximization, these aims are similar in that they are

[6] In the past, the argument could have been made that a narrow focus on quarterly returns was in the best interests of shareholders. However, there is mounting evidence that this approach is problematic over the long-term. Indeed, it has been argued that a narrow focus on profit was one of the significant causes of the 2007-2009 financial crisis; "banks… were too focused on short-term profits at the expense of the creation of real long-tern value" (Green 126).

[7] The business judgment rule is "[t]he legal presumption that the management of a firm is acting in the firm's best interest and, therefore, its decisions are protected from judicial review" ("Business").

both focused on maximizing something (good in the utilitarian case, profits in the business case). This link can help us understand why – even if they are not aware of it – most managers (and, consequently, most corporations) operate within a utilitarian-like framework (Premeaux 277)[8]. This approach, with its emphasis on consequences, was "almost naturally" adopted by the self-interest, utility-maximization axioms of the neoclassical *homo economicus*, which dominates economic theory (de Colle & Werhane 754).

Before looking at what utilitarian theory says about motivation, let us briefly look at the theory more generally. Utilitarianism is a version of consequentialism. According to theories of this type, behaviour should be evaluated based on its consequences. While there are many variations of utilitarianism, the classic versions are those of Jeremy Bentham and John Stuart Mill. While both theories suggest that maximizing pleasure is what matters, they differ in terms of what they think should be measured[9]. Utilitarianism's answer to the question "what is the right thing to do?" can be summarized as follows: "actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness" (Mill 10).

But what is its answer to the question "why should I do the right thing?" Bentham's response is straightforward; "[i]f motives are good or bad, it is only on account of their effects; good, on account of their tendency to produce pleasure, or avert pain; bad, on account of their tendency to produce pain, or avert pleasure"(65). Mill's position on motivation is slightly more nuanced. He suggests that the calculation of consequences should involve considerations of both *internal*

[8] Premeaux's empirical study found that managers follow a utilitarian orientation (277). The connection between business and utilitarianism was also explored by Premeaux; he suggests that the utilitarian bias in business may be due to the strong role economics plays in managerial decision-making (277).

[9] Bentham's conception of the good for human beings is purely *quantitative*; a view which says that the "two aspects of experiences of pleasure in virtue of which such mental states have positive value are their intensity and their duration" (Timmons 111). Mill's theory, on the other hand, is *qualitative*; holding that "considerations of quality, along with quantity, represent an aspect of pleasurable mental states that help determine their value" (Timmons 112).

and *external* sanctions (de Colle & Werhane 754)[10]. While this emphasis might lead readers to think that corporate motivation "matters" from Mill's perspective, further reflection reveals that the position is more complex. The only motivation that "matters" from a utilitarian perspective is striving towards overall utility maximization. As long as no other aims are at stake, this approach is unproblematic. However, the next section reveals that the world has changed such that other aims – like having good "character" – are at stake.

This shift poses problems for the utilitarian-oriented firm on a couple of levels. From the perspective of "what" companies should do, a firm that behaves according to the self-interested principles of neoclassical economics may find it difficult to alter its behaviour in a way that takes a more subtle range of stakeholder interests into account. However, as the business case for CSR becomes increasingly clear, firms will likely begin to recognize that behaving ethically is consistent with their (long-term) goals of profit maximization. Consequently, it is reasonable to expect more ethical behaviour – even by those firms that are admittedly self-interested – in the years to come.

The problem related to what utilitarianism implies for "why" corporations should do what they do is not quite as clear. Utilitarianism has a specific answer to what role motivation should play; namely a relatively moderate one. On utilitarian grounds, there is nothing troubling about an ethical initiative driven primarily by secondary considerations; i.e. a desire to maximize profit. However, stakeholders (including those within companies) seem to find this problematic. This is supported by a recent study on corporate social performance, which revealed considerable public scepticism about the reasons companies engage in social initiatives; with many respondents assuming these activities are undertaken purely for self-interest (Brønn & Vidaver-Cohen 92). This suggests that it is not simply the behaviours of

[10] In this context, external sanctions refers to external consequences (positive or negative) due to the influence of other people (or God), while internal sanctions deal with the power of the individual themselves (de Colle & Werhane 754).

the companies that stakeholders find problematic, but a central tenant of the theory itself; namely, that utility maximization is the end goal. That companies operate within an implicitly utilitarian framework can help us understand why they may struggle to fully appreciate criticisms of this nature.

Technology "as Catalyst"

Whether because of stakeholder pressure, a genuine desire to make the world better, or both, the majority of corporations now profess to "care" – either explicitly or implicitly – about the environment, their people, and the communities in which they operate. Until recently, the utilitarian method of making decisions – and its narrow understanding of the way in which motivation matters – wasn't problematic. This is because stakeholders had nothing upon which to base their perceptions of why a corporation cared (its motivation for making the commitment in the first place) or, often, whether or not it actually cared (if its behaviour was consistent with its formally stated commitments). But technology has changed that; "increasingly, corporations are naked" (Tapscott & Ticoll 7).

Transparency has enabled stakeholders to judge corporations from a characterological perspective. Looking back into history helps show that this is the case. In a 1925 interview, Charles R. Walgreen Sr., founder of the drug store Walgreens, said "the success of any business depends entirely upon the character of the organization conducting it" (Griffin). Yet while Walgreen may have talked about a company having "character" early in the twentieth century, assessments of character were a limited part of how stakeholders evaluated companies. According to Seidman, this is because before the age of transparency "we did not judge an organization's 'character' because we could not impute a character to it" (134). In 1925, it would have been possible for an organization to espouse high ethical standards while simultaneously behaving in ways entirely inconsistent with those standards. Today, that duplicity isn't easily accomplished[11]. Global connectivity and increased visibility have effectively "pierce[d] the corporate veil, shedding light on individual and corporate character traits" (Lagan & Moran 124).

Before transparency made almost everything accessible, the inner workings of a company could be concealed by a corporate veil; expertly woven out of glossy codes of conduct, internal controls, and claims of effective training programs. All the general public could really know about a company's "character" (and, I would add, its motives) were the "programs and procedures that stood as proxies for it" (Seidman 134). However, as Bob Dylan so famously sang; "the times they are a-changin'". Proxies – like the codes of conduct, internal controls, and claims of effective training referred to above – "succeed in their function…only when those receiving them endow them with trust and have no other sources of information with which to compare them" (Seidman 141). Today, stakeholders concerned that a company's communications don't accurately reflect its behaviour can do a quick check; a review of the company's policies on the internet, paired with a search of a site like www.glassdoor.com, will quickly reveal whether reality is consistent with the image of caring the company asserts[12].

To conclude, technology, and the transparency it has forced, has served as a catalyst for the transition from a utilitarian way of judging (and doing) business to a kind of utilitarian-virtue ethics hybrid[13]. While it used to be that stakeholders could only evaluate corporations in a utilitarian way (i.e. in terms of profit), transparency has enabled the focus of evaluation to shift to one that (while still placing an

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[11] To be clear, companies can still present an image that differs from their operational reality, but doing so poses significant problems for their trustworthiness. This idea will be explored further in Chapter 3.
[12] According to its site, glassdoor.com offers "a free look inside over 80,000 companies" ("Glassdoor"). Visitors to the site can see internal memos, pay stubs and other information which – in the pre-internet era – wasn't available.
[13] This doesn't mean that companies cannot operate within a utilitarian framework and be transparent at the same time. Rather, it means that technology has made it possible for stakeholders to evaluate corporations based on criteria other than whether or not these companies maximize short-term profit.

emphasis on profit) places an emphasis on character and can make sense of the idea that motivation matters. This argument (albeit without the reference to technology) is supported by recent empirical research, which found that while most rationales for ethical decisions were still of a utilitarian nature, managers appear to have a heightened awareness of ethical values (Premeaux 276)[14].

The Virtue Ethics Perspective

Just as it's unlikely that business people consciously employ utilitarian theory, it's doubtful that stakeholders – whether they are employees, shareholders, community members, or interest groups – have consciously adopted a virtue ethics approach to judging corporations. But this doesn't mean that they don't assess corporate character or make inferences about the motives they think underlie a corporation's ethical commitment. Indeed, there is evidence that "consumers, customers, regulators, judges and juries have begun to view companies from a characterological viewpoint" (Seidman 136).

Virtue ethics emphasizes the character of the agent, rather than consequences, as the main aspect of ethical thinking[15]. While some criticize this theory for its failure to be action guiding[16], it does have an answer to the question "what is the right thing to do?" Namely "that which a virtuous person (acting in character) would [do] in the circumstances in question" (Timmons 223). Action is not good or bad per se; rather, evaluation of behaviour depends on motivation and is connected to the character of the individual (or, we might say, company). The more an agent's character resembles that of the perfectly virtuous, the more they may be credited with moral motivation when they do what is virtuous for "x"

[14] Premeaux suggests that this increased awareness may be due to recent scandals, and proposes the possibility that managers may shift to another ethical philosophy (277).

[15] While virtue ethics has its roots in the ancient works of Plato and Aristotle, it has experienced a recent revival. Rosalind Hursthouse suggests this resurgence is partly due to the fact that virtue ethics addresses topics (specifically motives and moral character) that deontological and utilitarian literature has historically failed to take into account (2).

[16] This objection fails to take note of Hursthouse's proposal that a great deal of specific action guidance can be found in rules employing the virtue and vice terms ("v-rules") such as "do what is honest/charitable; do not do what is dishonest/uncharitable" (37).

reasons (Hursthouse 141). Indeed, Aristotle distinguishes between acts that are incidentally virtuous from those that are done knowingly, of choice, and from a virtuous disposition (97). In other words, motivation "matters" from the perspective of this theory.

In addition to its focus on character, virtue ethics can make sense of the concept of "caring"; something that is important if companies are to address stakeholder concerns that they don't genuinely "care" about the targets of their ethical activities. According to Timmons, caring about something or someone involves "being interested" in that thing or person as important to oneself[17] (226). From a virtue ethics perspective, an agent who is properly motivated enjoys harmony among their feelings, motives, and behaviour (Timmons 213). In other words, they "care" about the target of their activities in a meaningful way. While caring is typically associated with individuals, the next section will explore whether this concept might reasonably be extended to corporations.

Corporate Motivation

The discussion so far has left aside the question of what actually motivates people and corporations to make ethical decisions in business. According to Brønn and Vidaver-Cohen, this topic is relatively understudied; with little attention having been paid to understanding why corporations act in socially responsible ways (92). Understanding what motivates people (and companies) to do what they do is integral to answering the primary question of this thesis, because if companies were solely motivated by self-interest, and there was nothing they could do about it because the concept of corporate motivation didn't make sense, then the rest of our discussion would be of no use. But they're not. And it does.

Contemporary economic thinking presumes that individuals and businesses in a society pursue their self-interest or act rationally, i.e. in accordance with their

[17] "Caring for" differs from "caring about" in that the former involves liking or being attracted to the thing or person in question (Timmons 225). Companies need not "care for" their stakeholders in order to "care about" them.

private economic incentives (Kulshreshtha 939). However, according to Dov Seidman, this assumption – upon which much of our thinking about the highly competitive world of global business is based – may be incorrect (69). He points to empirical research conducted by economist Paul Zak, who set out to learn whether maximum profit actually flows from the pursuit of self-interest. Zak's experiment found that it doesn't. Humans, at a very early stage of development, are hardwired with the ability and desire to connect with and help others; and when they connect they make more money (Seidman 69).

The plausibility of moral motivation in business is reinforced by a recent study of Dutch managers. Graafland and van de Ven, quoted in Brønn and Vidaver-Cohen, found that managers were motivated to engage in ethical business practices not only because they believed these practices could "improve profitability, enhance reputation, and strengthen employee commitment to the firm", but also because they had a strong personal desire to "make the world a better place" (95). Di Norcia and Tigner found that several motives are commonly at work in business decisions, and that moral motives should be expected to interact with economic and other motives (3). In other words, moral motivation in business is possible *and* motivation is often mixed.

Having explored what drives *individuals* to pursue an ethical business agenda, we must now look at whether it makes sense to talk about what drives *corporations* to make these decisions. The question of corporate motivation centers on whether or not it makes sense to talk about a corporation as an agent that has *reasons* for doing what it does. Opponents of this concept claim that it doesn't make sense, because the organization has no "inner springs of change" analogous to the motives of natural persons (Ranken 634). However, this position neglects to recognize the relationship between individual and corporate motivation. It is precisely through individuals and their "inner springs of change" that corporate motivation takes place. The motivation of various individual managers combines to form a policy or structural change that affects the decision-making of the organization as a whole (Goodpaster 330). In this way, individual managers are the original source of motivation for change within corporations. Yet when these motivations are codified into policies or procedures, the "reasons" for doing the activities that flow from them cease to be those of the individuals, and become those of the corporation itself[18]. Just as individual managers can be motivated to engage in ethical and socially responsible activities because they "want to make the world a better place", corporations can be driven by moral considerations. In other words, there is a sense in which corporations can "care".

The idea that people and corporations are motivated by more than self-interest is affirmed in Daniel Pink's recent book, *Drive: The Surprising Truth About What Motivates Us*. His research found that "[t]he profit motive, potent though it is, can be an insufficient impetus for both individuals and organizations" (Pink 134-135). He goes on to suggest that "[a]n equally powerful source of energy, one we've often neglected or dismissed as unrealistic, is what we might call the 'purpose motive'"(Pink 135).

Before moving on to Chapter 3, it might be helpful to review what has been set out so far. I have argued that the world has evolved such that corporations are moving from a utilitarian-like approach to business to a utilitarian-virtue hybrid. Stakeholders increasingly judge corporations from a characterological viewpoint, and motivation is part of this evaluation. If the concept of a corporation "being motivated" didn't make sense, companies might have no way to address criticisms about their motivation. But this concept does make sense. Now let's see how it relates to trust and what corporations can do about it.

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[18] It is important to note that ascribing moral motivation to a corporation doesn't mean that the moral motivation of individuals disappears. In any given business decision, there is interplay between the motivation of the corporation (by way of policies and procedures) and the motivation of individual managers.

CHAPTER 3 – Motivation and Trustworthiness

Doing the Right Things for the Right Reasons.
- Title, Nexen Inc. Sustainability Report, 2006

Introduction

As we start to think about how corporations should address issues of trust related to motivation, several questions come up. The first relates to a focus on trust as the end goal. I will argue that, because trust is shallow if it is not backed up by trustworthiness, corporations should focus on "being trustworthy". The second problem relates to whether stakeholders must be able to accurately judge corporate motivation to assess trustworthiness. I argue that because stakeholders judge trustworthiness based on their *perceptions* of motivation, accurate assessment is unnecessary. Next, I explore whether "moral" motivation is what stakeholders are after. I argue that motivation need not be perceived as entirely moral for stakeholders to judge a corporation trustworthy. Rather, what is most important is that companies behave from a settled state of character and that they "do what they say they're going to do". Next, I argue that being truly trustworthy requires companies to do more than simply honour commitments; they must behave in a way that is congruent with their reputation or "who they claim to be". Recognizing that my argument could lead to the conclusion that whether stakeholders perceive a company as "morally" motivated is irrelevant, I return to the issue of motivation and argue that, because "the motive that engenders the most trust is genuine caring" (Covey 78) companies whose stakeholders perceive that they "care" about the targets of their activities are likely to engender more trust than those who are perceived to act from a position of self-interest.

Trust vs. Trustworthiness

The news is filled with stories about the need for business to rebuild trust. This seems to imply that "trust" is what corporations should aim for; an essential lubricant that, if obtained, will make every transaction – whether with customers, employees, NGOs , or regulators – a lot easier. That trust is the end goal of corporate ethical activities is reinforced by academic literature, which suggests that "trust is the proximate goal of ethics programs" (Brien 395) and by executive statements[19]. The instrumental value of trust is also reinforced in business books. In *The Speed of Trust*, Stephen M.R. Covey outlines the business case for trust, stating that "when trust goes up, speed will also go up and costs will go down" (13). Similarly, in *How,* Dov Seidman argues that "those who can engender and wield more trust will win" (170). Given the tangible business benefits associated with trust, it's easy to see why corporations would want to pursue it like any other asset. However, this narrow focus on trust can be problematic for a couple of reasons.

The first has to do with a misplaced focus on trust, when the focus should be on "being trustworthy". According to Bews and Rossouw "where trust refers to the act of trusting or not trusting, trustworthiness entails an evaluation of those criteria that constitute trust and consequently, influences both the direction and intensity of any decision to act in a trusting manner"(378). Grasping this distinction, it becomes evident that what corporations should aim for is not "trust" per se, but at providing stakeholders with sufficient reasons to judge them trustworthy. While this discussion might seem theoretical, it's also very practical, because "[t]o enforce trust is impossible. Nevertheless, it is possible to show oneself trustworthy" (Meijboom 4). Readers concerned that a focus on trustworthiness may not get them their highly coveted "trust" in the end, need not worry. Because "trustworthiness commonly begets trust" (Hardin, *Trust and Trustworthiness* 32), we might reasonably conclude

[19] 3M, for example, lists "[g]aining the trust of your stakeholders, including your supply chain and end consumers" as one of the primary drivers of its commitment to sustainability ("Responsible Business").

that if corporations take steps to become trustworthy, more stakeholders will trust them in the end.

The second, and related, reason that corporations should be wary about a narrow focus on trust is that trust cultivated solely for its instrumental value is problematic from a moral perspective. Annette Baier presents a striking image of this problem, describing a corporation whose exploitation of workers is "sugarcoated by a paternalistic show of concern for them" and the "maintenance of a cozy familial atmosphere of mutual trust" (110) . This is an example of trust not backed up by trustworthiness; meaning that people who trust this company (particularly on moral matters) wouldn't have sufficient reasons to do so. In other words, their trust would be misplaced. Trust pursued solely for its instrumental value is not only problematic from a moral perspective, but from a business one as well, because "a superficial commitment to ethics and trust can hardly be expected to endure" (Bews & Rossouw 388).

The argument that corporations should focus on being trustworthy is reinforced by Elsie Maio. When asked whether "building trust" should be the end goal of ethical and socially responsible activities, she answered "I hope not because it will be revealed as an operating strategy, rather than an authentic motivation. Rather, the goal should be: to 'be trustworthy'" (Maio, "Personal Interview").

Having established that corporations should focus on "being trustworthy", one might wonder whether this idea even makes sense. This question is connected to corporations' capacity for choice, because "trust is embedded in the capacity or… need for choice on the part of the trusted" (Hardin, *Trust and Trustworthiness* 12). If it didn't make sense to talk about a corporation as an agent that has "reasons" for doing what it does, it could reasonably be argued that the idea of a corporation "being trustworthy" is unintelligible. But Chapter 2 established that corporations can be understood as agents, albeit institutional ones, that engage in activities for particular “reasons”. Consequently, it is reasonable to talk about a corporation as an agent that can be trustworthy.

Trustworthiness and Mixed Motives

Chapter 2 established that while corporations can (and sometimes do) engage in ethical behaviour for moral reasons, motivation is often mixed. As we begin to consider the implications of this for corporate trustworthiness, a couple of questions arise. The first is whether stakeholders must be able to reliably judge corporate motives in order to assess trustworthiness. This question is important, because if accurate assessment was necessary but not possible, the relationship between motivation and trust that I have proposed wouldn’t hold. The second question relates to what stakeholders really want. If the motives underlying corporate ethical activities are always driven by a mix of moral and business reasons, one might wonder whether stakeholders can reasonably expect corporations to engage in ethical activities “for the right reasons”; particularly if those reasons are understood to be purely moral. Perhaps surprisingly, I argue that whether stakeholders perceive a company to be “morally” motivated (when this is understood to mean that the reason the company is engaged in a particular ethical initiative is because it cares about the targets of its program) matters, but it isn’t what matters most. What matters most, from the perspective of trustworthiness, is that companies behave from a settled state of good character and that they “do what they say they are going to do”.

A recent study found that the motives that drive organizations to engage in social initiatives “frequently overlap” and that it is often difficult to determine whether these initiatives are “genuinely guided by moral values” or “whether they are driven by more strategic concerns such as protecting profitability or preserving organizational legitimacy” (Brønn & Vidaver-Cohen 94). Reading this, one might wonder whether the inability of stakeholders to accurately assess motivation poses problems for the evaluation of corporate trustworthiness. It turns out it doesn’t, because just as “we need not develop great psychological insight into the motives of our fellow *persons* in order to judge whom to trust" (Baier 137, emphasis mine), we need not cultivate this ability to judge the trustworthiness of organizations. As Baier points out "our actual motivation, in situations where trust comes into play, is not very helpfully seen as a mixture of egoistic and non-egoistic, unless we can be fairly sure which strands are egoistic, which altruistic" (142). Thus, what matters from a trust perspective is not so much a company's actual motivation, but stakeholders' perception of that motivation[20].

This leads us to ask whether, for a company to be judged trustworthy, it must be the case that the motives for its ethical activities are (perceived as) moral. At first glance, this position would seem consistent with the virtue ethics assertion that "for an action to be evaluated as good… the agent must act for 'the right reasons'" (Hursthouse 124). However, upon further reflection it becomes evident that – from a virtue ethics perspective and in practice – whether the reasons for a given activity are perceived as "moral" isn't what matters most.

Rather, what matters most is that stakeholders perceive a corporation to act from a settled state of good character[21]. Stakeholders want firms to meet at least a minimum level of ethics – something which is supported by findings that "minimal compliance with legal standards alone can be deadly to the firm" (Joyner & Payne 299) – and to demonstrate their values in action over time. This is consistent with virtue theory, according to which "being morally motivated" depends not on acting, on a particular occasion, for a special kind of reason, but on whether the agent has acted from a state of good character (Hursthouse 123). Returning to a quote from earlier should help reinforce this point; "the more an agent's character resembles

[20] At this point, readers might be concerned that because stakeholders' perceptions of motivation are what matters, corporations just need to convince their stakeholders that they are morally motivated (or that they have a good character) and then they will be judged trustworthy. While this may be true, this would be inconsistent with the trustworthiness argued for earlier. In this transparent world, corporations that merely simulate an ethical character are likely to be found out.

[21] By "settled" state of good character, I mean that companies must be seen to behave in ways that are congruent with an enduring set of core values.

that of the perfectly virtuous, the more they may be credited with moral motivation when they do what is virtuous for "x" reasons" (Hursthouse 141)[22].

Having presented the virtue ethics position on motivation, readers might wonder whether it is the case that – in practice – stakeholders care more about an organization's character than whether it is morally motivated in a given case. A case study shows that it is. 3M – the company famous for its development of the Post-it® – has a "longtime commitment to sustainability" that has been powered "primarily by economic, not ethical, drivers" (York 100). If what was important to people's assessment of trustworthiness was that a company's motivation was "moral" (in the sense that the drivers of their ethical activities were mostly ethical), we could reasonably expect stakeholders to view 3M as untrustworthy. However, recent accolades such as the Energy Star Sustained Excellence Award (given to companies that demonstrate extraordinary and sustained programs to reduce energy use) suggest that stakeholders view 3M's actions (and, we might say, the company itself) as "good" from a moral perspective ("Responsible Business").

3M's trustworthiness on moral matters seems due, in large part, to its long-term commitment to being responsible[23]. Contrast this with BP; a company that – perhaps unsurprisingly – is no stranger to unethical behaviour. The following excerpt from a May 8th, 2010 article in *The New York Times* demonstrates that – despite promises to change – BP's behaviour has been habitually unethical.

> After BP's Texas City, Tex., refinery blew up in 2005, killing 15 workers, the company vowed to address the safety shortfalls that caused the blast.
>
> The next year, when a badly maintained oil pipeline ruptured and spilled 200,000 gallons of crude oil over Alaska's North Slope, the oil giant once again promised to clean up its act.

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[22] 3M adopted its "Pollution Prevention Pays (3P)" program in 1975 ("Responsible Business").

> Despite… repeated promises to reform, BP continues to lag other oil companies when it comes to safety, according to federal officials and industry analysts.
>
> Now BP is in the spotlight because of the April 20 explosion of the Deepwater Horizon, which killed 11 people and continues to spew oil into the ocean. (Mouawad)

Intuitively, it seems that 3M is the company that is more trustworthy[24]. What is interesting is that this is true despite 3M's admittedly self-interested orientation. In fact, 3M's communication of its self-interest may be part of the reason why we judge it trustworthy. By acknowledging its self-interest, 3M is being honest about its motivation; something which is a valuable means of establishing trust (Covey 87). Chapter 4 will explore the issue of communication more fully; offering suggestions for how companies should communicate the motives underlying their ethical activities in ways that are likely to engender trust.

Having argued that what matters most to stakeholders' assessment of trustworthiness is whether a firm engages in ethical initiatives that are perceived to be an enduring part of its character, one might wonder whether virtue should be pursued at any cost. Perhaps it shouldn't. It might be that while companies that cultivate a virtuous character are more likely to be judged trustworthy than those that do not, there is a point at which the pursuit of virtue can start to diminish a company's trustworthiness[25]. While stakeholders want companies to be virtuous, aiming for "perfect virtue" might be going too far. This relates back to the utilitarian-virtue ethics hybrid proposed in Chapter 2. Consequently, while companies that aim to be trustworthy should take steps to cultivate a virtuous character, this should be tempered by their obligation to generate profit for their shareholders over the long-term.

[24] This likely would have been the case even without the recent disaster.
[25] This suggestion could be explored in further research.

Consistency and Congruency

Having examined the relationship between motivation and trustworthiness in more detail, it should be evident that the desire on the part of stakeholders is not so much "we expect you to engage in ethical activities solely for moral reasons", but rather "we expect trustworthy companies to behave from a settled state of good character". The purpose of this section is to explore the relationship between honouring commitments and trustworthiness. I argue that when companies fail to "do what they say they are going to do" they give stakeholders good reasons to judge them untrustworthy. Consequently, in addition to cultivating an ethical character, corporations should take steps to increase their behavioural integrity.

According to Dov Seidman, we trust "[t]hose who are consistent, to whom we ascribe and impute integrity, those who say what they mean, mean what they say, and always follow through" (187). In other words, honouring commitments is an important part of being trustworthy[26]. However, honouring commitments is not always easy. This is because "once we already have whatever led us to our commitment in the first place; we may no longer find it in our interest to keep the commitment" (Hardin, *Trust and Trustworthiness* 36). The international bank case from Chapter 1 is a quintessential example of this challenge. Once the bank had what it needed (i.e. legitimization from developing a policy commitment to refrain from investing directly in the Canadian oil sands), it began to question how far it was willing to go to honour this commitment. This prompted my classmate to conclude – whether rightly or wrongly – that the company didn't "care" about the environment.

This is an important point, because it demonstrates the relationship between "doing what you say you're going to do", motivation, and trust. A disconnect

[26] This is reinforced if we think of a friend who is consistently late. The more frequently a friend fails to honour her commitment to meet me at a certain time, the less I trust her. The same holds for corporations. The more often a company fails to honour its commitment to ethical business practices (whether it is lowering its carbon footprint or decreasing its number of safety incidents), the less I trust it.

between the company's formal commitment and its behaviour prompted my classmate to make an inference about its motivation (namely that it was self-interested and only making the commitment "to look good so it could make a profit"). This led him to view the company as untrustworthy. Had the company (which, overall, lives its values and could be understood to have a good character) not made the "stronger" commitment in the first place, the loss of trust likely wouldn't have occurred. This suggests that companies that want to be judged trustworthy should make thoughtful commitments and figure out how to honour the commitments they've made. Chapter 4 offers suggestions for how companies can do this.

Having argued that honouring commitments is essential to cultivating corporate trustworthiness, I will now take this a step further and argue that, in addition to honouring their commitments, companies that want to be trustworthy (and reap the rewards that come with being so) should take steps to behave in a way that is congruent with "who they are" as an organization[27]. The reason is that stakeholders judge companies not only based on whether they meet their commitments, but on whether they behave in a way that is congruent with their reputation.

An example might be helpful here. While it might be appropriate (and trust building) for a bank that has built its brand on a platform of being "green" and "sustainable" to adopt and enforce a policy not to invest in the Canadian oil sands, that same policy decision might be inappropriate (and trust eroding) for a bank that has built its brand on a core value of "providing financing to all". The reason lies in the concept of dissonance, which results when the mind is asked to accommodate new ideas which conflict with already held beliefs (Seidman 114). When people are subject to dissonant messages, they lose their connection to whoever is sending

[27] When I use the phrase "who they are", I mean a company's reputation and/or brand; what they stand for.

them (Seidman 115). Conversely, “acting in consonance with your reputation creates trust” (Seidman 188).

This approach – of not simply acting in a way that is consistent with commitments, but of behaving in a way that is congruent with “who you are” as an organization – is consistent with what is necessary for corporations to be truly trustworthy. This is because “trustworthiness is not just mechanical dependability… the trustworthy can show their trustworthiness in surprising ways” (Baier 117).

Moral Motivation and Trustworthiness

I have argued that what matters most, from the perspective of trustworthiness, is that companies behave from a settled state of character and in a way that’s consistent with their commitments and “who they are” as an organization. Recognizing that an example like 3M (a company that is judged trustworthy by stakeholders despite its admittedly self-interested orientation) could lead readers to conclude that there isn’t any benefit to companies who are perceived to “care” for the targets of their ethical activities, I argue that there are benefits, from a trust perspective, to being perceived as a company that “cares”.

If trust was a finite good that a company either had or didn’t have, there would be no benefit to companies whose stakeholders perceived them to be engaged in ethical initiatives from a place of genuine caring. However, trust is not finite. As Seidman points out “those who can engender and wield more trust will win” (170). As the world has become more transparent, “how” companies do what they do has become as – if not more – important than “what” they do; providing companies with a rare opportunity to “outbehave the competition” (Seidman 52).

Similarly, if the idea of a company “caring” for the targets of its ethical activities didn’t make sense, the argument that there is something to be gained by being perceived as a company that “cares” could be thrown out. But Chapter 2 established that companies (through the policies they put in place) can “care”.

Because "[*t*]*he motive that inspires the greatest trust is genuine caring* – caring about people, caring about purposes, caring about the quality of what you do, caring about society as a whole" (Covey 78), companies whose stakeholders perceive that they "care" about the targets of their ethical activities will be likely to engender more trust than those who are perceived to be engaged in ethical activities solely for self-interested reasons. The benefits of this are captured by Elsie Maio:

> As de facto transparency rules our world more and more, authenticity becomes the currency of all interactions that require trust. And so, the true motives of an institution will show; and the more authentically motivated an organization is to enhance the well-being of society through ethical and socially responsible activities, the more trusted and I believe preferred it will be by all stakeholders. ("Personal Interview")

To conclude, it is possible for companies whose stakeholders perceive them to be motivated primarily by self-interest to be judged trustworthy. To be so, they must cultivate an ethical character and behave in a way that is consistent with their commitments and "who they claim to be". However, because "caring" is the motive that inspires the greatest trust, companies whose stakeholders perceive that they "care" – about the people, environment, and communities in which they work – will likely experience more of the benefits that come with being judged trustworthy.

CHAPTER 4 – Trustworthiness and Communication

You can say that you will comply with the rules, that you won't engage in unethical practices, that you will respect a confidence, keep a commitment, or deliver results. You can say all these things, but unless you actually do them, your words will not build trust; in fact, they will destroy it.

- Stephen M.R. Covey, p.128

Introduction

Chapter 1 established that companies want to address problems of trust, but are unsure how to do so. The purpose of this chapter is to offer tangible suggestions for how corporations can tackle problems of trust related to motivation[28]. It is to these recommendations I now turn.

Recommendations

Cultivate character

In Chapter 3, I argued that – to give stakeholders good reasons to judge them trustworthy – companies should act from a settled state of character and honour their commitments. According to Hardin, this requires "ignoring motivations to defy the commitment when they come" (Hardin, "Trustworthiness" 30). Cultivating corporate character by uncovering the values that drive an organization is a good way to achieve this aim. In *The Speed of Trust*, Stephen M.R. Covey quotes Chris Bauer, a psychologist and ethics trainer, who sketches the pitfalls companies encounter when trying to get employees to follow the law and behave ethically. He observes:

[28] According to Lagan and Moran, the relationship between culture and character is such that "organizational character is shaped and reflected by organizational culture" (Lagan & Moran 127). Consequently, companies that take steps to strengthen their culture can expect to cultivate their character, and vice versa.

> What we're really talking about here isn't a law enforcement or regulatory issue. It's a psychological issue – an absence of core values, confusion about what is the right thing to do. I see a lot of companies saying that they're going to tighten their rules. I don't see a lot of them saying that they're going to work to be extremely clear about what their values are, and give people training on how those values translate into actual behaviour. (Covey 61)

Companies that aim to comply with the law and be ethical often adopt a rules or compliance-based approach to their ethics programs. But this strategy is problematic because companies can't write rules to contain every possible behaviour in the vast spectrum of human conduct (Seidman 47). People might meet the minimal ethical standards to avoid punishment, but the guidelines have done nothing to "inject purpose into the corporate bloodstream" (Pink 140).

For this reason, a values driven approach is more effective than a strategy based on rules. This approach works because values "speak to the core of what makes us human" and "to betray them is to betray ourselves" (Seidman 98). There is also considerable upside to a values-based approach. This is because "values create natural floors without creating inadvertent ceilings" (Seidman 98). A values-based strategy is also consistent with a virtue ethics approach, because for Aristotle "ethical behaviour is about virtue, not compliance with rules or principles" (de Colle & Werhane 757).

Companies that identify the core values that drive them and engage the hearts and minds of their people will be much more likely to motivate employees to behave in a way that is consistent with their commitments and congruent their reputation. While this recommendation might be relatively straightforward for companies that have a long-term commitment to ethics and integrity, it will be more challenging for those companies still squarely in the utilitarian-like framework. But change is possible[29].

Acknowledge the complexity of motives driving ethical behaviour

Companies communicate their commitment to ethical business practices via a number of channels; including sustainability reports, codes of ethics, internal and external websites, and advertisements. Often, these sources include a reference to what underpins the company's commitment. Faced with problems of trust related to motivation, and thinking that "organizations communicating a socially responsible image are perceived more positively and trusted more" (Jahdi & Acikdilli 105), it's easy to see how companies would think that they should highlight the moral motives driving their ethical activities. Indeed, this solution is promoted in academic literature[30].

However, highlighting the moral drivers of ethical activities is problematic for a couple of reasons. Because ethical initiatives in business typically involve at least some self-interest, failing to address self-interested motives is misleading. According to L'Etang, these claims are "tantamount to deception" and are morally problematic insofar as "they may confuse the public about the company's real aims and objectives and its perception of its role in society" (121). Only communicating the moral motives underlying ethical activities is also problematic from a trust perspective, because it treats trust as instrumental to achieving operational goals. This approach is inconsistent with the pursuit of trustworthiness argued for in Chapter 3, and can have a significant impact on trust relations with stakeholders[31].

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[29] At this point, readers might wonder how to uncover the values that drive their organizations and translate them into behaviours that will inspire employees to go beyond what is required. Fortunately, there are consultants who have made helping companies do this their life's work. Elsie Maio, President of Maio & Co., pioneered the concept of Soulbranding™, which she describes as "[t]he process of discovering the human values that motivate us as individuals and as organizations and essentially using them to drive the performance of the organization or the person" ("Living"). Contact information for Maio & Co. can be found in the Appendix at the end of this thesis.

[30] Stohl et al. are critical of codes of conduct that frame ethical concerns in the language of business, and advocate a moving towards language that transcends the profit motive (618).

[31] Research has shown that the deceptive marketing of ethical character has more of an impact on trust than other types of deception in advertizing (Stoll 126).

So, it appears that the most obvious method of addressing problems of trust related to motivation isn't the way to go. Readers sceptical about the strength of this theoretical argument will be interested to know that a recent empirical study confirms the shortcomings of this approach from a practical perspective. The study found that organizations that are believed to act upon organization-serving (self-interested) motives cannot build trust by simply communicating that their position is based on more positively valued public-serving (moral) motives (Terwel et al. 295). It found that "it is not the objective content of organizational communications, but the congruency between these organizational communications and inferred organizational motives that leads to public trust". In other words, the idea that a corporation would engage in a particular ethical activity *only* for moral reasons just doesn't "jive" with stakeholders' knowledge of what a company is meant to do; make a profit. Thus, communicating only moral motivation has an undesired effect; pushing stakeholders away when the goal is to bring them closer.

Does this mean that corporations should only communicate the business reasons underlying their ethical behaviour because stakeholders are more likely to perceive these reasons as congruent with the purpose of a corporation? No; attempting to strengthen trust in this way isn't a good strategy either, because it is consistent with the pursuit of trust as an instrumental value, as opposed to a deeper goal of "being trustworthy". In addition, because "[t]he motive that inspires the greatest trust is genuine caring" (Covey 78), companies that have cultivated a good ethical character and neglect to reference the moral drivers of their ethical activities would be "leaving something on the table".

The communications solution, I suggest, is for companies to acknowledge the mixed nature of motives underlying their ethical initiatives. This is supported by L'Etang, who states that "[i]n a case where a company acknowledges and communicates its self-interest the public relations is being truthful" (116). Given that different companies are driven to pursue ethical initiatives for different reasons, and that the reasons may change with leadership or over time, this communication should be nuanced.

The practical benefits of this approach are confirmed by the empirical study mentioned above, which found that "trust in organizations can be preserved when the provision of an argument incongruent with inferred organizational motives is accompanied by a seemingly more truthful argument congruent with inferred organizational motives" (Terwel et al. 298). In other words, companies that communicate both the business *and* moral drivers of their ethical initiatives are more likely to be judged trustworthy.

Yet there is another – more effective – way for companies to gain the benefits that come with being trustworthy; one which is alluded to in conclusion of Terwel et al.'s empirical study. The authors suggest that because of the risk that "communications may be perceived as superficial and insincere", organizations may be more effective in increasing organizational trust if they do so via "concrete action displays" or "the demonstration of specific behaviour" (Terwel et al. 299). This implies that corporations that want to increase their trustworthiness should demonstrate these drivers through their actions.

Calibrate words and actions

***cal·i·brate**: **1.** To check, adjust, or determine by comparison with a standard* ("Calibrate").

Chapter 3 established that what is required for trustworthiness (on moral matters) is that corporations act from a settled state of character, honour their commitments and behave in a way that is congruent with their reputation. To achieve this, companies should identify and close the gaps that exist between their PR statements and their actual behaviour. While there are many ways to identify these gaps[32], revising a code of conduct is a particularly effective way. This is because in most

[32] Reporting "hotlines" and ethics workshops are two methods.

organizations, a "code" simply codifies "how the company works". To achieve alignment between words and actions, a draft document should be distributed to numerous stakeholders across the organization (the group should be both functionally and geographically diverse). Stakeholders should be encouraged to identify whether the language in the document accurately reflects the company's operating reality. If it doesn't, the company has a choice to make; it must either change its behaviour to match its commitment or lower its language to match its behaviour. Because disconnects between words and actions give stakeholders the distinct impression that a company doesn't "care" about the targets of their ethical initiatives, it is my suggestion that firms should err on the side of caution and "lower" their language until they are relatively certain that their behaviour is consistent with the image they present.

Some readers might think that I'm letting companies off the hook; suggesting that they lower their language so that they don't have to change their behaviour. On the contrary, my intention is to advocate increased behavioural integrity. Companies that choose a lower level of language should pair this with an operational commitment to improvement in the areas that need work. Because the relationship between ethics and trust is such that "the agent [that aims] to be trustworthy can only be so by acting ethically" (Brien 401), companies must still take steps to behave in an ethical way. What this approach does is eliminate the loss of trust that occurs when stakeholders discover that a company's behaviour doesn't substantively match its PR claims. The thrust of my argument is that because severe reputation risk awaits those who merely simulate corporate integrity[33] (Palazzo & Basu 341), companies that want to be more trustworthy should ensure their communications accurately reflect their behaviour[34]. This is particularly important in today's transparent world, where disconnects between words and actions can be uncovered with the click of a mouse.

[33] While this discussion hasn't explicitly dealt with the "competence" side of trust, companies that want to be judged trustworthy should communicate their commitments in a way that captures what they are competent to do.

Companies that follow this recommendation and "walk before they talk" give stakeholders good reasons to judge them trustworthy. Nike is a company that is doing just that. As many readers will know, Nike suffered significant damage to its reputation in the 1990s when it was revealed that its garments were being produced using child labour ("Going Green") [35]. The company has made many changes since that time, and their approach can be captured in the following statement by Hannah Jones, VP Sustainable Business and Innovation; "it's more about doing it than waving the flag". When asked about Nike's green strategies, Ms. Jones said "we'd rather be a little bit quieter about it, but the commitment is deep and authentic and its part of our long term growth strategy". To reinforce this humble (and, I would add, refreshing) approach, the narrator (not Ms. Jones) points out that "you'll never see an Air Jordan marketed as a green shoe". People at Nike are doing more than just honouring their commitments; according to Ms. Jones, "being green is in the soul of the company". And this approach is paying off. According to CNN "many analysts consider [Nike] firmly in a new era of positive PR, and sustained growth".

Strengthen the branding and ethics link

Achieving the word/action alignment argued for above will be difficult for companies whose communications departments are disconnected from the groups charged with ensuring ethical business practices and/or with the organizations' operational groups. Consequently, companies that want to increase their trustworthiness should strengthen the link between their branding (communications, public relations, etc.), ethics (compliance, corporate social responsibility, governance, etc.), and operational groups.

That these disciplines are currently disjointed is confirmed by academic findings that "[o]rganizational identity, corporate identity, image, reputation and branding have received little attention in business ethics literature" (Verbos et al.

[35] The remaining quotes in this paragraph are from the "Going Green" source.

18) [36], and by those who have experience working with both groups of professionals. Elsie Maio describes the relationship between corporate ethics and branding as follows:

> Disjointed and perhaps even at odds. That is to say, the branding and marketing function in corporations operates in an outward-facing manner, attempting to anticipate triggers to sales. Corporate ethics are typically seen as an inward, 'policing', compliance or risk management function.
>
> Also, they might seem at odds because branding and marketing are not systemically tied to the operations of the company and therefore disconnected from the ability of the company to deliver on the promises they make. ("Personal Interview")

For strengthened links between these groups to effectively increase corporate trustworthiness, the connections must be rooted in a culture in which employees are encouraged to raise questions about possible disconnects between image and reality. Companies that present a real picture of "who they are" (as opposed to that to which they aspire publicly), enable stakeholders; including employees, partners, community members, the media, etc., to know what to "know what they're going to get" (Simons 29) . This knowledge allows stakeholders to appropriately choose to "play" or not, and has the potential to prevent losses of trust before they occur[37].

The BP example referred to in Chapter 1 is a case in point. Had there been stronger links between the communications, ethics/social responsibility, and

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[36] Jahdi and Acikdilli explore the relationship between PR and CSR using a marriage analogy; arguing that the proliferation of ethical and green claims by companies has contributed to growing scepticism of CSR communications, but that this 'shotgun wedding' meeting of CSR and marketing can and should be replaced by a more sustainable 'marriage of convenience'.

[37] The benefits of this apply to all stakeholders, but perhaps most notably to employees. According to Seidman, "[w]hen a company breaks trust and fails to live up to the representations it makes and the values it professes, the enthusiasm new hires bring to the company gets eaten away until nothing is left but the dry bones of cynics" (117).

operational groups; within a culture that supported candid questions, the “Beyond Petroleum” campaign may not have gone forward. This would have prevented a significant loss of trust at the time of the campaign (not to mention the $200 million spent on the campaign itself), and the loss of trust which continues today. As one article put it:

> If they haven't already, BP's disingenuous words of support for developing low-carbon, renewable energy sources will increasingly fall on deaf ears as the country's attention remains riveted instead on the desecration of one of the nation's most beautiful and valuable natural resources: the beleaguered Gulf coast. (Landman)

CHAPTER 5 – Reflections

And the time came when the risk to remain tight in a bud
was more painful than the risk it took to blossom.
- Anaïs Nin, quoted in Elizabeth Lesser, prelude

This thesis began by asking whether the motivation of corporations for ethical initiatives "matters" from the perspective of trust relations with stakeholders. I have argued that it does, and the previous chapter offered suggestions for how corporations should address problems of trust related to motivation. Given that assessments of trustworthiness are subjective, companies that follow these recommendations can't reasonably expect all stakeholders to trust them. Nevertheless, firms that cultivate an ethical character, acknowledge the complexity of motives underlying their ethical activities, and calibrate their words and actions (by strengthening the links between communications and ethics) provide stakeholders – even those who do not share their values – with good reasons to judge them trustworthy.

A limitation of this thesis is that – while it argued that corporate motivation springs from the motivation of individuals – it didn't directly address the relationship between the motivation of managers or executives and an organization being perceived as one that "cares"[38]. While it may not be *necessary* for corporate leaders to ask questions about their own motivation for their company to be judged trustworthy (at least in today's environment), it seems reasonable to suggest that those who do will be more likely to capitalize – both from a personal and business perspective – on building a sustainable business.

[38] This was a conscious decision; because the recommendations offered in Chapter 4 are meant to be useful for all organizations – even those more on the self-interested side of the motivation spectrum – they don't *require* business leaders to ask deep personal questions about why they do what they do.

It was asking deep questions that prompted Ray Anderson, founder and chairman of Interface, the world's largest carpet manufacturer, to change his entire business model to one that is significantly more sustainable. In an interview for *The Corporation,* he recalls being "amazed to learn just how much stuff the earth has to produce through our extraction process to produce a dollar of revenue" (Abbott & Achbar 10.39.37)[39]. He goes on to say "when I learned, I was flabbergasted". Having gained this knowledge, Anderson deemed himself "a plunderer of the earth". And then he made some big changes. Interface is now "the worldwide leader in design, production and sales of environmentally-responsible modular carpet" ("Interface"). Contrary to expectations that this shift may have negatively affected the company's bottom line, the opposite is true. Since 1995, continued savings from its sustainability program have netted $433 million in cumulative avoided costs ("Interface").

Asking tough questions about himself and the environmental impact of his company enabled Ray Anderson to surmount a problem that many businesses have yet to overcome, and which more and more stakeholders demand they address[40]. Stephen Green captures the problem as follows:

> The danger lies in mistaking the activities of the CSR function (charity sponsorships, the community action, the educational mentoring etc.) – valuable though those unquestionably can be – for facing up to the all-embracing need to accept the responsibility of building the business in a way that sustainably enhances the human good. Corporate social responsibility is not just about community support; corporate sustainability is not just about

[39] Unless otherwise noted, the remaining quotes in this paragraph are from Abott & Achbar's *The Corporation.*

[40] In his recent book, *Hot, Flat and Crowded,* Thomas Friedman cites Andrew Shapiro, CEO of GreenOrder, as saying that in today's world "[e]ither Mother Nature, the global community, your own community, your own customers, your own neighbors, your own kids, or your own employees are going to demand that you, your company, or your country pay 'the total cost of ownership' for whatever you, or they, produce or consume" (171).

> managing the company's carbon footprint. It is about the strategic objectives, and indeed the raison d'être, of the company itself. (154-155)

Questions about an organization's raison d'être are not easy ones to ask; something I discovered when preparing the Canadian oil sands advice for the international bank. The company I work for is a major player in the oil sands. Preparing the advice required me to look into both sides of this debate. And there were times I didn't like what I saw.

Initially, I sought refuge in the distinction that many companies make between "ethics" and "social responsibility"; responding to questions about the environmental impact of my company's operations with a terse statement about how the department I work in is more focused on internal ethics and compliance issues than environmental ones. I now see that this was a cowardly, albeit human, approach. It's similar to the strategy employed by corporate executives to avoid real conversations about the negative impacts of their business. While there are psychological terms for this avoidance strategy, the image of an ostrich with its head in the sand seems to capture it best.

What I have come to appreciate over the course of this master's program is that the risk to remain tight in a bud is indeed more painful than the risk it takes to blossom; and we (both as individuals and organizations) benefit from being open to perspectives different from our own and to changing our behaviour based on what we discover.

To conclude, this research has shown that motivation "matters" from the perspective of trust relations with stakeholders on moral topics. Companies that are primarily motivated by secondary concerns (i.e. to look good so they can make a profit) can still be perceived as trustworthy as long as they act from a settled state of character, consistently honour their commitments, and behave in a way that is congruent with their reputation. However, companies that are perceived to be motivated by a primary concern for their employees, the environment, and the communities in which they operate – in other words, companies who “care”, and who demonstrate this caring through their actions – will be likely to experience more of the benefits that come with being truly trustworthy. In this transparent world, where “out-behaving the competition” is becoming the new differentiator, this ability is more important than ever.

Appendix

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