

Ethikos Volume 36, Number 3. July 02, 2022 Building better culture and compliance with trust

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Effective compliance and ethics programs have become goals of companies and organizations worldwide. Reaching this objective is possible, but it cannot be achieved without a culture built on trust. Building it does not come from “one and done” webinars or trainings. It comes from doing the work—actively, consciously, and continuously. “Success at its core *always* comes as a benefit of being trusted.”^[1] It’s easy to place blame for an ineffective program on issues related to leadership, communication, or resources, rather than looking at low-trust culture. Trust is the fundamental building block for success. High-trust culture leads to organizational success on many fronts, including compliance and ethics.

A few years ago, attorney Thomas Fox offered this observation: “It all starts with trust, but once you achieve trust, you can move forward to affect the change you need to generate to achieve an effective compliance program going forward.”^[2] Without trust, implementation and maintenance of an effective program may be only a strategic idea without ability for execution.

DOJ expectations

The U.S. Department of Justice (DOJ) has made it clear that check-the-box programs fall short of actually being effective. Debate continues over the age-old question of how to get to this expected finish line. Spend more money on more training programs? Survey and test employees annually? Draft more policies and procedures? These and other options may not meet government expectations to demonstrate effective programs.

Although coming from a prosecution perspective, the DOJ document has been a guiding light for all compliance and ethics programs. Three fundamental questions create the foundation in this guidance for reviewing compliance programs. To be effective, they need to be well designed, applied earnestly and in good faith, and work in practice.^[3] Measurements and metrics are essential to provide these answers, to determine effectiveness as well as improvement. For example, evaluating the impact of programs on employee behavior or operations is specifically discussed in this guidance. How are you evaluating and measuring the level of trust in your organization? Building trust between employees and leaders is a critical program element to establishing a high-trust culture where innovation, productivity, profitability, loyalty, and—yes—even compliance and ethics thrive.

Building trust: Whose job is it?

Recently released research provides information on this question. In the “2022 Trust Outlook: A Global Research Study,” data shows that the split is almost 50/50 as to whether the responsibility to earn trust rests with the

employer or employee.^[4] Instead of pointing fingers to determine whose job it is, everyone should accept responsibility for being in the trust-building business. When the trust gap is closed and a high-performance culture is built, the low-trust culture door shuts and leaves behind the inefficiencies and expenses associated with it. In turn, high-trust culture promotes effective compliance and ethics programs.

Trust-building success can be measured to demonstrate the impact on employee behavior or operations. Trust is the key to unlocking the door to efficient programs. Keeping this door open, though, and the low-trust culture door closed, must be an ongoing, conscious process.

The importance of workplace trust is discussed in an article published by the Society for Human Resource Management.^[5] It includes an important observation: Employee trust is overlooked on a frequent basis. This “time-honored component of success” is worth the work and ignoring it can be a “costly mistake.” Highlights are reviewed and include the conclusions that building trust takes time, focusing on values makes a long-term difference, and implementing more policies and procedures does not in and of itself lead to compliance. And perhaps one of the most important points of all: Start by building a culture of trust and then continue it by constantly talking about it. Once the house of trust is built, it must be maintained routinely.

Again, this is not a one-time event. Trust takes time to build, requires a continuous process to maintain, and is well worth the effort. While the case for trust is demonstrated in research, many employers and employees are not sure how to break into the trust-building business.

Where to start

To build trust, the focal point must be on people and culture. Research-based data shows that this is the primary area needing attention, ranking higher than finance or strategy.^[6] In a high-trust culture, the bystander effect comes into play. When most people are doing something, the majority influences others to do it as well. Once trust is achieved, and daily decision-making based on compliance and ethics occurs out of habit, success of the trust-building program can be undeniably seen through employee engagement, problem solving, innovative ideas, and loyalty from employee retention. The presence of high-trust culture allows this type of consistent analytical and decision-making framework to become second nature, embedded in the culture.

Benefits of organizational trust are widely recognized. Given this acknowledgment, it is difficult to understand why the state of culture is often ignored. There is a big culture difference between high- and low-performing companies.^[7] Taking a good look inward at company culture gives a clue as to what people on the outside are seeing and saying about the organization. Trust is built, or lost, with each conversation and action.

Culture may develop on its own, but not in ways desired. Or it may be designed on an ad hoc basis, created from various compliance incentives or perks. Whatever happens then becomes the tolerated culture that simply exists, with or without trust. The better path for overall business success is making the decision to build trust with an intentional strategy and continuous execution. Basic building blocks to accomplish this include clarity, competency, and consistency.

Clarity

Neuroscience tells us that clarity is required to gain trust because people need to understand goals and know they are achievable. Companies with high-trust culture “hold people accountable...without micromanaging them.”^[8] Providing a clear framework empowers employees to understand the importance of business decisions and how they can be carried out to completion. Arming employees with a “we can do it” attitude encourages them to “do it.” People tend to do things for their own reasons, not for someone else’s.

Clarity is necessary to bring buy-in for anything, including trust. Ambiguity, on the other hand, creates confusion and conflict. Clarity provides needed direction to guide people and let them know where they are headed. People tend to trust the clear and mistrust the ambiguous and overly complex.

Employees want to know how their work product fits into the business strategy and contributes to the overall success of the organization, internally and externally. And not just in terms of visionary objectives—the relevance of their work today and tomorrow must be clear to build trust. If the importance of making decisions under a clear and consistent framework is not well communicated and understood, the importance of making decisions and carrying out activities from a compliance and ethics standpoint is lost. Even in times of change, trust can be built if leaders share the reasons for change.

Competency

Competency is also an ongoing process: how is everyone staying fresh, relevant, and capable? Promoting competency, in areas we want to be trusted in, is important. For a compliance and ethics program to be seen as effective, employees require competency in personal skills and in areas of work. Working under the theory that input equals output, the question of improving input comes into play when output needs improvement. Thus, the solution for an ineffective compliance and ethics program is to solve the input problem.

Consistency

Keeping the conversation going produces consistency in messaging and results. Maintaining a high-trust culture requires clear communication—especially about mission and vision—on a regular basis. Sharing mission and vision with everyone should occur at least every two weeks. Otherwise, no one knows it—and no clear or consistent framework exists for making intentional decisions within the organization. This framework is critical for building and maintaining trust. Consistency and repetition of sharing this information embeds the desired framework into the culture. When mission and vision are clear to all, there is alignment. Execution of strategy then makes sense, has meaning, and is more likely to be carried out under the compliance and ethics umbrella of expectations. With consistency established in values and decision-making, organizational or brand trust follows. Many case studies demonstrate this.

A case study: Learning lesson in clarity, competency, and consistency

Consciously focusing on attaining a high-trust culture makes a meaningful difference for an effective compliance and ethics program, and an organization as a whole. The Ritz-Carlton brand is a great example.

Horst Schulze is a cofounder and former president of the Ritz Carlton Hotel Company. Making the Ritz-Carlton brand globally elite, Schulze is an expert at executing business strategy. Many lessons to learn about creating and maintaining a high-trust culture are contained in his book *Excellence Wins: A No-Nonsense Guide to Becoming the Best in a World of Compromise*. Through clarity, competency, and consistency, the Ritz-Carlton brand enjoyed the results from employee decisions made through the clear lens of a framework driven by compliance and ethics.

As noted earlier, trust-building is not a one-time event. While the Ritz-Carlton is in the hospitality sector, everyone can learn from Schulze's words of wisdom. The chapter on repetition begins with these words: "The most inspiring speech, the slickest PowerPoint display, the greatest video presentation—all of these tend to fade over the following twenty-four hours. No matter how great and thorough an employee's orientation, it won't stick without ongoing reinforcement."^[9] Schulze comments that teaching is the first step, but sustaining the content of the lessons must be part of a "conscious system that is diligently pursued." Every day, at the beginning of every shift, one of the 24 standards for service is reviewed. After reviewing the last one, the cycle

begins again.

The service lesson starts with the leader reading the select standard. Then, comments are added about its relevance to the employees and customers. It may include a story, customer comments, or employee comments. The first 10 minutes of every shift are dedicated to this reinforcement ritual. Communication about these standards is delivered clearly, competently, and consistently. The framework for consistent decision-making is embedded and becomes habit.

The process reinforces clear conveyance of mission and vision, consistency of brand, and competency. Basically, employees with clarity on implementing company goals will be more engaged and help make the organization better. To achieve this, ongoing repetition is required. The end result is a high-trust culture, organizational success, and promotion of an effective compliance and ethics program.

Takeaways

- Build and maintain a high-trust culture to promote an effective compliance and ethics program.
- Communicate mission and vision every two weeks with clarity, competency, and consistency to provide the necessary decision-making framework for all.

¹ David Horsager, *Trusted Leader: 8 Pillars That Drive Results* (Oakland: Berrett-Koehler Publishers, 2021).

² Thomas Fox, "Creating Trust to Affect Compliance Change," *Corporate Compliance Insights*, October 2, 2015, <https://bit.ly/3LRyz6A>.

³ U.S. Dep't of Justice, Criminal Div., *Evaluation of Corporate Compliance Programs* (Updated June 2020), <http://bit.ly/2Z2Dp8R>.

⁴ Trust Edge Leadership Institute, "2022 Trust Outlook: A Global Research Study," accessed May 27, 2022, 20–21, <https://trustededge.com/the-research/>.

⁵ Dori Meinert, "Why Trust Matters at Work," *Society for Human Resource Management*, May 24, 2018, <https://bit.ly/3z4FbM2>.

⁶ Trust Edge Leadership Institute, "2022 Trust Outlook," 6.

⁷ David Qu, "How to Promote Team Trust and Employee Engagement," *Forbes*, June 9, 2021, <https://bit.ly/3wVc4YK>.

⁸ Paul J. Zak, "The Neuroscience of Trust," *Harvard Business Review* (January–February 2017), <https://hbr.org/2017/01/the-neuroscience-of-trust>.

⁹ Horst Schulze, *Excellence Wins: A No-Nonsense Guide to Becoming the Best in a World of Compromise* (Grand Rapids: Zondervan, 2019).

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