

# A story of “leadership dishonesty”

Commissioner Hayne’s report into Misconduct in the Banking, Superannuation and Financial Services Industry is a shameful story of extraordinary leadership dishonesty.

Whatever their role – chairman, director, MD/CEO, senior executive, professional advisor, business partner, industry/professional body, or in many of the other capacities, the organisations’ leaders treated people dishonestly. It is an appalling governance story.

82 per cent of Australians consider leaders have a key role in influencing an organisation’s ethical behaviour. Yet the then CEO of the Governance Institute Steven Burrell reported from a survey that “neither they (the leaders) nor their organisations are perceived to be very ethical.”

Commissioner Hayne’s report is a defining moment. It demands an immediate change in our governance practices. Society are entitled to have only those leaders who are prepared to address the systemic dishonesty which pervades our current governance practices.

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## The Endangered Strategic Thinking Director

Thinking is something that is common among what we all do.

**Alan Turing** was moved nearly 70 years ago to comment “I propose to consider the question, ‘Can machines think?’”

Instead of the word ‘machines’ it seems useful to ask whether directors can think when operating as part of a board? One strongly held view is that directors as a general rule, consistently struggle when it comes to using strategic thinking in board discussions. They are very comfortable in sharing what can often be disparate thoughts and ideas, but as for offering strategic thoughts, this is far from a common experience in board deliberations.

Of little surprise perhaps is that when we come across a strategic thinker our response is more of a wow and feeling how refreshing and different our experience has been.

So, if you are a director who is comfortable with strategic thinking; then your contribution is very important in helping to drive your organisation’s

high performance.

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## Maintaining the Social Licence to Operate

The “*Maintaining the social licence to operate: 2018 KPMG – AICD trust survey*” shows that directors are acutely aware of the need for their organisations to maintain trust with stakeholders. The [Edelman Trust Barometer report](#) clearly found a declining trust across media, government, NGOs and commercial organisations.

About 62% of directors surveyed consider they can challenge management on issues of trust in their organisation. This alarmingly leaves about 38% who do not. Also the survey disclosed that only a meagre 23% of directors believe they receive ‘meaningful’ metrics on trust in their organisations. So it seems that now trust is an asset of questionable value for companies.

With apologies to Groucho Marx, but trust seems to have joined those other words – values, culture, ethics and principles.

“Those were our company’s trust issues, and if they are going to embarrass or trip us up .... well, we have others.”

With the exception of high performance organisations, it appears too little governance is exercised when it comes to the management of trust. It is viewed as good window dressing.

Of course we all know that stakeholders are now “over-the-words”. They would rather have the evidence of authentic actions.

So every board ought to be asking “what is it I need to do as the organisation’s leaders in governance to retain our social licence?”

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## Embracing ‘Future Shock’ With Confidence

Futurist and businessman Alvin Toffler’s book, ‘Future Shock’, published in 1970 seems accurate in describing the central challenge of today.

Each day offers further examples of 'our collective inability to deal with ever-faster change'.

Alvin Toffler described what is a real psychological malady, the 'dizzying disorientation brought on by the premature arrival of the future'.

And 'unless intelligent steps are taken to combat it', Toffler warned, 'millions of human beings will find themselves increasingly disoriented, and progressively incompetent to deal rationally with their environments'.

Toffler seems to have most accurately articulated the organisational leadership challenge best when he stated: 'Change is avalanching upon our heads and most people are grotesquely unprepared to cope with it.'

Our leaders need to provide us with the right environment to enable us to go forth into the future and embrace it with confidence.

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## **Did Someone Mention Culture ... Again?**

Sometimes it is easy to feel that professionally you are flying solo. There is a sense that a bigger game of cat and mouse operates and somehow, you're the cheese.

It's easy to observe that governments pass more or stricter regulations to plug loopholes, and employees then find new loopholes which exploit those new regulations; so, Groundhog Day is revisited.

When will enough people say that the fault is not in our laws but with us?

For is not Justice Neville Owen's question raised in the HIH Insurance Royal Commission of 2003 still valid: – Did anyone stand back and ask themselves the simple question – is this right?"

Importantly if something is to really happen then the hearts and minds of an organisation's leadership need to be aligned and committed. This is a fundamental start to sound governance, yet we know more must follow. For sound corporate governance is truly about what is done, accepted, ignored, rewarded, not tolerated, and lived with day-to-day by our leaders.

This does not need a written code of ethics; but it does need a lived experience. If leaders live the values, then an organisation's culture is positively nurtured. This in turn will successfully and effectively regulate the individual's behaviour and reflect what is the approved culture of the organisation.

Ultimately as a part of a collective this re-enforces all individuals to redouble their efforts as they can see it potentially makes a valued difference.

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## Living In A World of Unease

Many of us relate to a feeling of unease at work.

It's not because our work mates aren't friendly. It's more about having to face the unpredictable and inexplicable random surprises and demands for change and quick response times.

In a nutshell our world is spinning out of control and help is not on offer.

We are experiencing a sense of anxiety or discontent that is like "an unpleasant smell". Knowing it's there doesn't make it any easier to deal with.

The best approach though is to accept the inevitability of change. The real challenge is to gain a position where you have a sense of being in control over some of the change.

So, over the next few months why not try to work with some of the changes and create positive opportunities for yourself and for others in your workplace.

You will notice a sense of confidence will emerge resulting in greater enjoyment coming to work.