

ethikos Volume 33, Number 7, July 01, 2019 A look at regaining the public's trust, once it's lost

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An organization that experiences an unethical event is faced with a choice of two general options: seek to openly and candidly repair the ethical breach, or attempt to bury the scandal and move on without instituting serious organizational change. Several examples of both options can be seen in recent corporate history. For instance, Swedish company Telia Co, AB is working hard to change its culture. On the other side, the repeated ethical problems surrounding consumer privacy at Facebook, despite a consent decree with the United States government and multiple public breaches, shows how a company with enough clout – and hubris – can attempt to overcome unethical behavior without truly changing anything about its business model.

The Statement

An example of an organization that evolved following a breach of public trust is the journey of Swedish telecommunications company Telia Co. AB. Media reports in 2012 alleged that Telia had paid bribes to the daughter of the president of Uzbekistan to secure a license to operate in that country. A review found no evidence of bribes, yet concluded that the company's ethical guidelines at been violated. Top executives, including the CEO, resigned or were let go; several large stakeholders divested; and the company's reputation and stock value took a nosedive. Over the next five years, new leadership instituted a sustainable business model that was, in the words of the company's new sustainability director/corporate development, Henrik Weinestedt, a move "from a corporate strategy with sustainability programs to a sustainable strategy." (<https://bit.ly/2lpsbWv>)

Telia released "The Statement" in 2016, detailing the new direction the company was taking. Telia executives communicated the strategy to its shareholders and employees as the new culture of Telia, and not merely a one-off response that would peter out in a few months' time.

The Statement noted that "[it] is Telia Co.'s firm belief that the best way of ensuring sustainable growth and profitability is by integrating sustainable, responsible business practices into all parts of business and strategy, to create long-term shared value for the company, its stakeholders, and society."

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