



Building Trust

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Why is Trust an issue?

GfK, (Growth from Knowledge) the global market research company, (and preferred partners of Allied Consultants) recently conducted a “Mirror Mirror” Fairness Index survey for GoodCorporation, a UK organisation that assesses companies and organisations for best business practice. The survey asked employees how their employers treated them, customers, suppliers and the community. It revealed that one in three British workers do not consider their employers to be fair. More than 40 per cent would not describe their employer as fair and trustworthy in terms of internal communications, being clear about pay, training, work-life balance and appraisals.

In the US, an international survey (Hurley 2006) revealed that 80% of Americans don't trust corporate executives and -worse- that roughly half of all managers don't trust their own leaders. Mergers, downsizing, new business models and globalisation have accelerated the pace of change in organizations, creating a crisis of trust that didn't exist a generation ago.

Most employees don't trust their leaders. And when they don't, stress and divisiveness prevail. Performance erodes, and talented workers head for more motivating environments. And although you'll never see a financial statement with a line item labeled "distrust",

it's troubling because a distrustful environment leads to expensive and sometimes long term problems. We hardly need reminding of the recent wave of scandals that shattered the public's faith in corporate leaders.

Additionally, line managers continually make decisions concerning others capabilities and when delegating authority. Research by Mulhotra (2003) examines trusting actions and reciprocity responses in the two-person Trust Game. Two experiments test a model that suggests that individuals in social and economic interactions are likely to view the situation from their own unique perspective. The

results demonstrate that “trustors” focus primarily on the risk associated with trusting, while trusted parties—those who are in a position to reciprocate—base their decisions on the level of benefits they have received. Specifically, trusting is more likely when risk is low. Meanwhile, reciprocity is more likely when the benefit provided is high.

Understanding the consequences of win-lose relationships and developing strategies for creating win-win relationships.

How an employee feels about the trust of: their manager, the organisation, and others within the organisation, can have a major

impact on an employee's performance. We all know that a distrustful environment is an uncomfortable place to work, but a business with an un-trustful environment is also at a significant competitive disadvantage.

In my training / education practitioner role, I often ask my course participants: How would a working environment feel when it is characterized by low levels of trust? The most frequent responses would often include stressful, threatening, manipulative, divisive, unproductive and tense. And a high-trust work environment? ...would yield answers such as fun, supportive, motivating, productive, fulfilling and comfortable. Clearly, companies that foster a trusting culture will not only enable job satisfaction in employees but also have a competitive advantage in the war for talent. Who would choose to stay in a stressful, divisive atmosphere if offered a productive, supportive one?

Hurley et al (2006) emphasise that you need to win your employees' trust through these practices: **cultivate the qualities that lead employees to trust you.** For instance, when people believe you'll put yourself at risk for them, their trust grows. The lesson? Demonstrate genuine concern for employees and make appropriate sacrifices for them. **Combat trust's enemies.** For example, consider the trust-destroying rumours that circulate when managers withhold information during change initiatives. To battle this trust

enemy, be forthright—even if that means saying you don't know what will happen. **Make decisions fairly.** When you make choices in ways people perceive as fair (for instance, you invite their input and explain your reasoning), they trust you. Building and maintaining trust count among your most crucial tasks.

Leaders who understand how trust is built can actively influence its development, resulting in a more supportive and productive work environment and, not incidentally, a competitive advantage in the war for talent. *Research in social psychology has shown that trust isn't magically created. In fact, it's not even that mysterious.* When people choose to trust, they have gone through a decision-making process – one involving factors that can be identified, analysed and influenced.

A Model of Trust

Building on research in social psychology and on years of experience consulting on trust, Robert Hurley (2006) has developed a model for predicting whether trust or distrust will be chosen in a given situation. The model sheds light on how the decision to trust is made. (ignoring the extremes of complete trust based on blind faith and total distrust based on paranoia, and focus instead on the familiar situation in which uncertainty, possible damage, and multiple other reasons to trust or distrust are combined.) By understanding the mental calculations behind the decision whether or not to trust, managers can create an

environment in which trust flourishes.

The model helps managers analyse ten factors at play in the decision-making process and analyze the root causes of distrust in their work relationships.

Some of the factors in the model relate to the decision maker: *How tolerant of risk, how well-adjusted, and how relatively powerful is he or she? Others relate to the specific situation: How closely aligned are the interests of the parties concerned? Does the person who is asking to be trusted demonstrate competence? Predictability and integrity? Frequent and honest communication?*

According to Hurley, your employees decide whether to trust you—by conducting mental calculations based on factors you can assess and influence. These factors include shared values (such as a strong work ethic) and employees' perceptions that you're competent

Hurley tested this model, which identifies the ten factors at play in the decision-making process, with hundreds of top executives. Using it, they were able to identify relationships that would benefit from greater trust and to diagnose the root causes of distrust. Armed with that knowledge, they took concrete steps that made it easier for others to place confidence in them.

To win employees' trust, identify which factors may cause them to mistrust you—then behave in ways that secure their confidence in

you. Your reward for winning employee's trust? You motivate and retain the talented workforce your firm needs to beat the competition.

The Idea in Practice

In order to understand and manage trust we need to have a better understanding of the decision making process. Hurley presents a model that identifies the factors in establishing trust, and practical ways of managing trust, hence influencing our decision-making process. Using the model can help us create more productive relationships Hurley offers these guidelines for enhancing 10 factors that inspire trust (Table 1).

Trust happens where leaders are transparent, candid and keep their word. It is evident that trust and communication are dependent on one another. ***“Trust is the principle of effectiveness in all interpersonal relationships.”*** commented Stephen Covey. Additionally this also relates to organisations, as when there is open communication at all levels, the employees are less likely to distrust the messages being sent by the organisation. When communication is poor employees tend to feel they cannot trust the organisation. This can have significant effect on morale, motivation and performance.

It may be argued that every issue,

every challenge you face in your organisations, families and relationships can be traced to a deficiency in communication and trust. This may sound like a pretty broad statement, but this realisation poses two very important ideas for you to consider:

1. Dealing with acute issues is an effort in futility! Perhaps too many people focus on and attack issues on the surface while neglecting the nagging and persistent chronic issues that lie deep below. Technical solutions, structural improvements and even training present no cure for relationships that lack trust.

Table 1 10 factors that inspire trust

Factor	To Increase Employees.....	
Risk Tolerance	Faith that “things will work out”	<ul style="list-style-type: none"> ■ Spend more time explaining options during stressful times. ■ Offer a safety net.
Adjustment	Confidence; belief that the world is a benign place	<ul style="list-style-type: none"> ■ Recognize employee’s achievements. ■ Correct failures through coaching, not harsh discipline
Power	Feeling of authority	<ul style="list-style-type: none"> ■ Provide choices; avoid being coercive. ■ Explain how decisions serve company interests.
Security	Sense of safety	<ul style="list-style-type: none"> ■ Provide comfort during turbulent times. ■ Temper risks inherent in times of change
Similarity	Sense of shared values and group identity	<ul style="list-style-type: none"> ■ Use “we” more than “I” ■ Emphasize what you have in common
Interest alignment	Sense of shared interests	<ul style="list-style-type: none"> ■ Find wins for employees. ■ Explain how meeting company goals benefit everyone.
Benevolent concern	Belief that you will put yourself at risk for them	<ul style="list-style-type: none"> ■ Demonstrate genuine concern for employees. ■ Occasionally make sacrifices for employees.
Capability	Perception that you’re competent	<ul style="list-style-type: none"> ■ Demonstrate your skills in relation to tasks at hand. ■ Delegate tasks you’re not good at.
Predictability / Integrity	Belief that you behave consistently and fulfill promises	<ul style="list-style-type: none"> ■ Under promise and over deliver ■ If you can’t fulfill a promise, explain why.
Communication	Experience of open and honest exchanges	<ul style="list-style-type: none"> ■ Increase frequency and candor of your communications. ■ Cultivate bonds beyond workplace roles; e.g., by having lunch.

2. There has never been a time in our history in which trust has been so fragile. Business leaders and managers who lack integrity, organisations who fail to deliver on the promises they make, and an incessant flow of media information have created the conditions where designing a trusting work environment has become difficult at best.

The challenge lies in honestly looking at what you are currently doing in your organizations to build trust, then decide whether you are focused on the acute or the chronic. Building your team and organization around high trust could be your biggest priority.

According to Newing (2008) trust has been the single most important feature of the great workplace and four companies have been on the list of 100 Best Workplaces in Europe since the beginning, six years ago. These "European trust champions" are

Admiral Group in the UK, Lilly in Spain and Middelfart Sparekasse and Unimerco in Denmark.

Credibility, encapsulated by the phrase "I am told the truth", is how employees view their managers. Managers must regularly communicate with staff about the organisation's direction and plans, actively encourage their feedback and ideas and act upon it. The winner of the Great Place to Work Europe 2008 special award for credibility was Consol Software in Germany, where 99 per cent of employees surveyed indicated that "management is honest and ethical in its business practices". "We have an open communication culture," says one employee. "There is no hiding information." Another wrote that the company is open to criticism, so everyone can express views without fear. Certainly the degree of trust evident in the best workplaces is much higher than average. Trust is indeed a measure of the quality of relationships. Leaders must

provide clear reasons for people to trust them. When leaders are able to establish an environment of trust they are able to establish a more dynamic and sustainable foundation for productive relationships. As Jack Welch former CEO at GE stated: "**Trust, you know it when you feel it.**"

Further reading:

"Trust: Make your workforce believe in you" FT Report - Rod Newing (May 2008)

"Winning Your Employees' Trust" - Robert F. Hurley, Robert Galford, Anne Seibold Drapeau, W. Chan Kim, Renee A. Mauborgne HBR Article Collection (September 2006)

"Decision to Trust" - Robert F. Hurley - Harvard Business Review (September 2006)

"Trust and reciprocity decisions: The differing perspectives of trustors and trusted parties" - Deepak Malhotra Harvard Business School (September 2003)