Broken Trust Is Bad for Business

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When employees do not trust managers and leaders, various forms of organizational fallout are likely, including low engagement, high turnover and reduced innovation, experts say. And rebuilding trust isn't easy.

"Individuals can enjoy their work and have a strong sense of accomplishment, but if they don't trust their boss or their boss' boss, they'll begin to question how they fit in with the company and will have less pride in the organization overall," said Mary Ann Masarech, employee engagement practice leader at BlessingWhite, Inc.

Trust has to be present for employees to do risky things, said Robert Rosenfeld, founder and CEO of Idea Connection Systems, a Rochester, N.Y.-based consultancy, and author of *Making the Invisible Visible: The Human Principles for Sustaining Innovation* (Xlibris Corp., 2006). And risk is at the heart of innovation. The more revolutionary the innovation needed, the more trust must be present. "That means the people I work with must be people I trust," he told *SHRM Online*. "Their deeds must match their words."

Trust is built over time as people get to know one another, through networking and relationship building, Rosenfeld explained. Employees must trust that their co-workers and direct supervisors are competent (head trust) and will do the employee no harm (heart trust).

A single triggering event, such as a restructuring or other organizational change, can reduce the level of trust employees have in leaders, according to Dennis and Michelle Reina, co-authors of *Rebuilding Trust in the Workplace* (Berrett-Koehler, 2010) and *Trust and Betrayal in the Workplace* (Berrett-Koehler, 2006) and co-founders of the Reina Trust Building Institute in Stowe, Vt. As can other single events, such as a manager who takes credit for an employee's work.

"It's easier when it's a singular event because you can see it, touch it, isolate it and work through it," Michelle Reina told *SHRM Online*.

Yet most of the time, trust erodes as a result of "small subtle patterns of behavior" that employees experience on a daily basis. For example, working with peers who fail to prepare for a meeting, are slow to respond to e-mail or who gossip regularly. These are the kinds of things that happen all the time, they said.

"While they don't get addressed, they don't go unnoticed," Michelle Reina said. The result of such unaddressed behavior is that employees leave the company "or, worse yet, they stay. They become the working wounded – they stay, they complain, they do as little as possible."

Understanding Trust

The Reina Trust and Betrayal Model describes three main types of transactional trust:

- Contractual trust—trust of character. Do people do what they say they are going to do? Do managers and employees make clear what they expect of one another?
- Communication trust—trust of disclosure. How well people share information and tell the truth.
- Competence trust—trust of capability. How well people carry out responsibilities and acknowledge other people's skills and abilities.

"The key thing about transactional trust is that it is reciprocal in nature; you have to give it to get it," Michelle Reina said**.** "There are specific, concrete behaviors that build trust."

Other models take a different approach. For example, six dimensions of leadership trust are outlined in a report released Sept. 1, 2010, by two U.K.-based organizations, the Institute of Leadership and Management (ILM) and *Management Today* (MT) magazine. They are:

- Ability: the manager's ability to do their job.
- Understanding: displaying knowledge and understanding of employees' roles and responsibilities.
- Fairness: behaving fairly and showing concern for the welfare of employees.
- Openness: being accessible and receptive to ideas and opinions.
- Integrity: striving to be honest and fair in decision-making.
- Consistency: behaving in a reliable and predictable manner.

The report, for which 5,000 employees, ILM members and MT readers in the U.K. were surveyed, found that line managers scored higher than CEOs on all six dimensions of trust. Line managers' scores ranged from a low of 62, on a 100-point scale, for fairness, to a high of 72, for understanding. CEO scores, by comparison, ranged from a low of 54, for understanding, to a high of 69, for ability.

"Establishing trust and accumulating trust capital can only really be achieved in a relationship," the report authors said in explaining the gap between line managers and CEOs.

Rosenfeld agreed. "If I don't really know who you are, then I'm going to have problems trusting you."

But it's much harder, and sometimes impossible, for employees to get to know senior leaders, he noted.

Absent a relationship, employees will observe leader traits to discern whether they are trustworthy or not. For example, a leader that holds an elevator for people conveys that they are willing to serve others and not just be served, Rosenfeld explained. He said employees will likely watch for other leadership traits as well, such as:

- Approachability.
- Listening; do they listen well?
- Follow-through; do they do what they say they are going to do?
- Accountability; do they apologize if they say something wrong?

Why Trust Matters

Rosenfeld likened leadership trust to the kind of trust that develops in families based on the behavior of the parents, the "leaders" of the family. "Their deeds have to match their words, because everyone is going to be watching," he said.

Masarech agreed. "Executives have to remember that the workforce scrutinizes what they do. Any misstep between words and actions will be noted and will 'go viral' inside—and even outside—the organization's walls."

Moreover, the level of trust employees have for senior leaders can impact engagement, according to *The Employee Engagement Report 2011*, released Dec. 15, 2010, by BlessingWhite. The survey of nearly 10,914 employees on four continents revealed that employees who trust their organization's executives are more likely to be engaged at work than those who trust their direct supervisor.

"Employees who don't trust leaders may jump ship because they're not confident in the organization's direction or aren't certain of the leaders' motives," Masarech said. A lack of trust breeds distractions and side conversations about hidden agendas, which damages

productivity, she added.

"Discretionary effort suffers, because employees aren't willing to go above and beyond for leaders they don't know," Masarech said.

But it is more important for trust to be present in closer working relationships, particularly with those leaders within "arm's reach" of an employee, Michelle Reina said.

The level of trust an employee has for a supervisor influences how the employee perceives those who are farther up the chain. For example, if a supervisor talks about a workplace issue in a way that is degrading of a senior leader, it can impact the level of trust employees have toward the senior leader and color their perception of the immediate supervisor, Michelle Reina noted.

There's a way that the supervisor can communicate in order to remain trustworthy, such as explaining the facts without added commentary. Yet what often happens, she said, is that a supervisor's frustration seeps out "with badmouthing and backbiting and gossiping."

Geographic/Cultural Variations

The BlessingWhite report reveals that among North American respondents, a much larger percentage (72 percent) said they trust their managers compared to those who said they trust their organization's top leaders (52 percent). A similar, double-digit trust gap exists in Australia/New Zealand, China and Europe, though in India and Southeast Asia the gap is smaller.

"It's hard to separate leadership style and regional culture," Masarech explained. "Leadership styles themselves are tied to a country's culture—as are perceptions of senior management."

Masarech noted that in China the workplace tends to be formal and personal connections take a long time to establish. Leaders there "need to make sure they demonstrate credibility, reminding employees of their experience, seniority, education, achievements and other credentials," she said.

But in India the workplace tends to be more informal and relationship-based, she added. "The workforce has a lot of young employees, and leaders need to create excitement and a sense of belonging and opportunity."

"Unlike the West, where high bonuses and stock options drive leadership behavior, in India managers are generally not perceived as being individualistic but more caring and supportive of teams," said Nirmala Menon, founder and CEO of Interweave Consulting, a Bangalore, India-based consulting firm. "The management style is predominantly paternalistic in India, where there is high degree of trust and belief that the senior managers will take care of their team members."

Masarech observed that, around the world, there are two ways to build trust: by "doing what you say you will do" and through "regular, authentic communication."

Rebuilding Trust

"It's much harder to restore trust once it's been broken," Rosenfeld said. "When we break the psychological contract with our people, that's when we have problems."

Sometimes those problems come out as a result of an employee attitude or engagement survey.

When leaders get indicators like culture scores that say there are issues around trust, they need to pay attention. "When there is a sign and an indicator that trust is compromised, is vulnerable, is eroding or is at an all-time low, there must be a method to acknowledge that and to dig deeper to see what people are experiencing," Michelle Reina emphasized.

Leaders have to observe and acknowledge what their people have experienced, she continued, "and be very careful about their tendency to gloss things over and sweep them under the carpet."

The Reinas' model outlines seven steps to rebuild trust:

- Acknowledge what caused trust to be compromised.
- Allow feelings and emotions to be discussed. "When trust has been broken, it is emotional," they said. "People can feel devalued, discounted. There is pain. There must be permission to express these feelings and emotions." Ideally, such feelings will be conveyed in a constructive way, they added.
- Get and give support to others in the process.
- Reframe the experience and shift from being a victim to taking a look at options and choices. It's not necessarily what happens to us that's important, it's how we respond," they explained.
- Take responsibility. Ask "What did I do or not do that caused this to happen?"
- Forgive yourself and others.
- Let go and move on.

HR's Role

Leaders need to listen and pay attention when their HR partner raises issues associated with trust, according to the Reinas. HR professionals need to be able to reframe the issues in the context of the leader's business needs, they said, particularly when senior leaders imply that the HR department simply needs to "wave a magic wand" and "fix it."

HR teams can increase the likelihood that leaders will listen if they build alliances with senior people and lay out the business case for rebuilding trust, Dennis Reina said, even if that means that they have to tally up all the signs—such as turnover, tardiness, absenteeism, accident rates and the like—that reveal that low levels of trust are costing the organization money.

Business leaders realize that work is conducted through relationships, they noted.

Yet that doesn't mean that it's easy to get senior leaders on board. The Reinas hear from many HR professionals trying to get senior leaders to act on issues they have identified.

"You're not alone," they want HR professionals to know.

Rebecca R. Hastings, SPHR, is an online editor/manager for SHRM.

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