Trust Factors @ Work™
Executive Summary

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Trust – it's difficult to earn, easy to lose, and critically important for your organization's success.

- Employee mistrust will be a leading cause of turnover as the job market revives.
- Employees who do not trust their managers and organizations focus on protecting themselves at the expense of the commitment, productivity, and cooperation organizations need to compete.
- Mistrust makes it more difficult to create a compelling culture that provides a sustainable competitive advantage.
- Managers and organizations can significantly reduce mistrust by providing open, honest, and frequent communication.
- Follow-through on commitments and promises may be the single most important behavior in preventing employee mistrust.

These are just a few of the conclusions from Phase I of the Trust Factors @ Work study conducted by Pennington Performance Group in partnership with IRI Consultants to Management and Pilat NAI.

The negative effects of mistrust in the workplace are widely accepted. But, investigation into the exact behaviors and performance that reduces trust between an organization and its employees has been minimal until now. The Trust Factors @ Work study was initiated to identify the causes of employee mistrust and its effect on both people and organizations.

HOW THE STUDY WAS CONDUCTED

Trust, for the purpose of this study, was defined as the belief that management is willing and able to act in a way that fulfills our expectations of them (both stated and implied) in terms of:
- the treatment of others
- balancing the interests of individuals, groups, the business, and society
- leading the organization toward shared goals
- honoring commitments (both stated and implied)

Approximately 5,000 individuals representing a cross-section of job classifications and demographics from around the world were asked to complete four open-ended questions utilizing IRI's proprietary ASK-THEM™ feedback process. One hundred thirty-four individuals (2.68% of invitations) responded and provided over 1,100 thematic responses. The response rate represents a valid sample from which to draw conclusions. Responses were evaluated against the ASK-THEM database of over 800,000 employee responses and catalogued to create a new trust taxonomy.

STUDY LIMITATIONS

The Trust Factors @ Work study does not assess the following:

- The state of mistrust in today's workplace. Respondents were invited to share opinions about what managers and organizations do to cause mistrust. No information about employment status was gathered. In addition, respondents were not asked to identify their current level of mistrust. Other studies have addressed this issue, however. Aon Consulting reported that only 49% of employees surveyed indicated agreement with the statement, "I trust the leaders of my organization."[1] Other studies support this conclusion that employee trust continues to be a challenge worthy of every organization's attention. Watson Wyatt's 2002 WorkUSA™ survey indicated that less than 39% of employees trust the senior leaders at their companies.

- The specific financial and productivity impact of mistrust in organizations or industries. Responses were obtained from a diverse group of organizations, industries, and job classifications. As a result, it is impossible to place an exact cost on mistrust in an individual workplace or industry. Considering that mistrust leads to lower productivity and increased turnover, it is reasonable to assume the cost is significant.

CATEGORIES & BEHAVIORS

Responses fell into five general categories: character, communication, competence, consistency, and courage (See Attachement A). Specific behaviors were identified within each category. Non-specific or non-recurring comments were classified as *General* in each category. Seventeen specific behaviors emerged as important contributors to mistrust (See Chart below and Attachment B).

Causes of Mistrust by Category
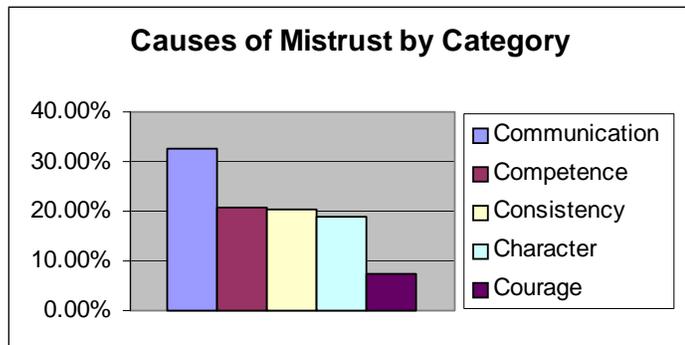
MAJOR THEMES

- **Communication is everything.**

Communication issues represented the largest overall category of responses (32.69%). Employees want managers and organizations to keep them informed; listen to their ideas and expertise; be open; and not avoid the tough questions. The volume of responses in this category indicates that trust will diminish in the absence of communication meeting these criteria.

- **Do what you say you will do.**

Consistency issues were identified in 20% of responses related to causes of mistrust. The inability and unwillingness to follow-through on commitments was the number one behavior that causes mistrust (approximately 13% of all responses). Respondents cited examples ranging from violating promises to not following established guidelines to actions that violate stated values.

- **Be good at your job and understand how I contribute.**

Competence appeared as a cause of mistrust in 20% of responses. Being knowledgeable of job responsibilities for oneself and others ranked fifth among the top fifteen specific causes of mistrust. Making good decisions ranked fourth. The highly competitive business environment has made competent leadership a high priority. Employees realize that the success, and in many cases survival, of their enterprise depends on leadership competence.

Likewise, respondents indicated a strong desire to have their contribution understood and valued. A cause and effect argument can be made that employees who do not feel their contribution is appreciated are less likely to add value to the enterprise. This study did not assess respondent's actual job performance. However, a perception that *my manager listens to me* has been identified as an important factor in employee satisfaction. It is reasonable to assume that managers and organizations have considerable room for improvement in this area.

- **Character counts.**

Character related issues appear in 18.88% of responses about the causes of mistrust. This number could be viewed as low considering the corporate scandals dominating the headlines since 2001. However, Watson Wyatt Worldwide reports that 72% of employees surveyed believe their immediate bosses behave with honesty and integrity. That number drops to 56% when considering top management.[2] An assumption is made that responses to this study are reflective of immediate experience rather than an acceptance of questionable character.

Respondents were clear that they expect a high degree of moral and ethical behavior, however. Honesty and self-serving behaviors were in a virtual tie as the most evident character issues representing a combined 64% of responses in this category. Dishonesty and the evidence of self-serving behaviors ranked sixth and seventh respectively on the list of top causes of mistrust.

- **Stand up for yourself and others.**

"Don't be a wimp" was the message from just over 7% of responses. Respondents want to know their managers and organizations will stand behind them and up for themselves. Providing support for employees, especially standing up for them in the face of criticism, ranked in the top ten causes of mistrust. To a lesser degree, respondents cited leaders who refuse to stand for their own beliefs and do not accept responsibility for their own actions as behaviors that diminish trust.

THE RESULTS OF MISTRUST

Analysis of responses indicates that a lack of trust has a direct correlation to employee retention, performance, and morale. (See Chart below and Attachments C and D).

Over 33% of responses about the results of mistrust cited reduced loyalty and the ability to find and retain qualified workers. One quarter of responses described reduced loyalty as a specific outcome of mistrust.

Results of Mistrust

- Retention
- Performance
- Morale
- Fear & Openness
- Personal Impact & Respect
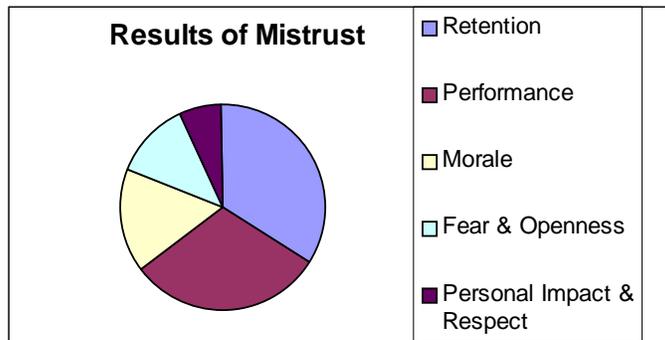
One sub-set of retention-related responses identified a challenge that could emerge in the future. Approximately 6% of responses alluded to individuals feeling "handcuffed" in their job and unable to leave. Age and proximity to retirement were the primary reasons for this feeling. An aging workforce creates the potential for a significant number of individuals who tolerate an undesirable situation rather than leave. A logical conclusion is these employees could choose to do the minimum to get by, thus affecting the organization's performance and the morale of younger workers.

Approximately 31% of responses indicated that mistrust contributed to a lack of effort, motivation, commitment, and productivity. Thirteen percent indicated that they are fearful of retribution and blame and are less open in communication as a result of mistrusting their manager and/or organization.

CONCLUSIONS

- Restoring and maintaining trust must be a high priority for organizations facing increasing demands and competition. Performance, productivity, and profitability are potential casualties of mistrust.

- Organizations that want to retain high-performing staff must pay special attention to the issue of trust. Good employees will have multiple employment options when the labor market expands, and surveys indicate an alarming percentage of employees are already planning their exit. Employees will be cautious, however. The lure of an attractive compensation package may not be the motivator it was in the past.

- Organizations should not generalize about the causes of mistrust that exist across the enterprise or within a single work group. One factor or behavior cannot define trust. Honesty and ethical behavior are universally associated with trust. This is especially true when scandals make the news on a daily basis. Open, honest communication and honoring commitments ranked at the top of the causes of mistrust in this study, however. Seventeen specific behaviors were identified as significant based on multiple responses, and others were classified as "general" in nature. Trust in the competence of direct managers and organizational leaders accounted for almost 21% of responses. To assume a single cause or adopt a "one-size fits all" response could exacerbate the problem.

- Building and maintaining trust must be a coordinated and concerted effort at the front-line manager and senior executive levels. Strong relationships with one's immediate supervisor are a critical component in employee retention. In addition, responses to this survey indicate that employees will consider the organization's overall performance – especially related to competence, character, and communication – when determining trust levels. Organizations must design a strategy for building and maintaining trust that is fact-based and individualized to the needs of the group.

- There is good news. Any study of mistrust runs the risk of becoming a gripe session. It must be noted that individuals freely shared positive examples of trust-building behavior as well. While these represented a minority of the total responses, it is heartening to know that there are individual leaders and organizations that value the effects of work relationships built on trust.

REQUESTING ADDITIONAL INFORMATION OR SERVICES

Organizations interested in identifying the trust level and causes of mistrust should contact the appropriate individuals listed below.

Strategy	Contact
Trust Factors @ Work™ assessment tool (in development).	• Pennington Performance Group • Pilat NAI
Trust Factors @ Work survey using the ASK-THEM feedback tool to determine the specific causes of mistrust within individual work groups or organizations.	• Pennington Performance Group • Pilat NAI
A Trust Factors @ Work™ audit that includes surveys, data analysis, and recommendations.	Pennington Performance Group
Trust Factors @ Work™ presentations and seminars to describe causes of mistrust and provide general strategies for building and maintaining trust in the workplace.	Pennington Performance Group

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ATTACHMENT A: FIVE CATEGORIES OF MISTRUST

Responses fell into the following broad categories:

	Example Behaviors	Percentage of Responses
Communication: Behaviors that reflect the individual's and/or organization's commitment to share and receive information.	• Amount or availability of information • Listening and valuing others' opinion • Openness • Style	32.69%
Competence: Behaviors that reflect the individual's and/or organization's ability to perform responsibilities.	• Awareness and knowledge of the job • Decision-making • Lack of direction or vision • Micromanaging	20.80%
Consistency: Behaviors that reflect the individual's and or organization's ability or willingness to maintain agreement between word and deed; and the ability or willingness to respond in like manner to similar situations.	• Following through on promises and commitments • Fairness and playing favorites • Providing consistent direction	20.28%
Character: Behaviors that reflect the individual's and/or organization's moral strength.	• Keeps confidences • Takes credit • Honesty • Acts in a self-serving manner	18.88%
Courage: Behaviors that reflect the individual's and/or organization's willingness to stand up for principles, take unpopular positions, or provide support in the face of resistance.	• Support and being an advocate for staff • Standing up for one's beliefs and principles • Being assertive in the face of conflict	7.34%

ATTACHMENT B: SPECIFIC BEHAVIORS THAT CAUSE MISTRUST
(ranked from most responses to least*)

Cause	Example Behaviors	Percentage of Responses
1. Lack of follow-through	Makes promises that are not kept; Say one thing and do another; Changing plans for no apparent reason	12.74%
2. Openness of communication	Withholds information: Pretend to share information; "Dances around" questions; Becomes defensive when questioned	11.34%
3. Amount and availability of communication	Failure to provide clear direction or instructions; Does not share information in a timely manner; Lack of face time with staff	11.17%
4. Incompetent/Poor decisions	Failure to develop good plans; Takes unnecessary action; Reluctant to make decisions	7.68%
5. Incompetent job performance	Unprepared for meetings; Does not keep projects on track; Lack of attention to operational details; Repeats mistakes	6.28%
6. Dishonest	Failure to be honest and straightforward; Is not truthful	6.11%
7. Serf-serving	Looks out for self to the exclusion of the team; Chooses expediency for his/her own gains	5.94%
8. Unfair decisions	Lacks objectivity; Plays favorites; Promotes individuals without merit	5.58%
9. Failure to provide support and advocacy for others	Does not support employee decisions; "Shoots messengers"	4.71%
10. Communicates in a demeaning style	Talks down to individuals; Criticizes people in public; Abusive or disrespectful	3.84%
11. Does not listen	Doesn't listen or respond to needs; Does not seek out expertise or involve employees; Does not value the opinion of others	3.66%
12. Lack of direction	Failure to provide a direction for the enterprise; Lack of certainty in the appropriate path to success; Direction changes on a regular basis	3.32%
13. Micromanages	Does not empower employees who are capable of performing; Does not allow employees to perform their jobs	2.62%
14. Takes credit	Takes credit for the work of others; Does not share credit for the contributions of others	2.10%
15. Lack of assertiveness	Does not stand up for personal beliefs; Does not voice opinions	1.92%
16. Does not keep confidences	Repeats things told in confidence; Acts on confidential information without informing others involved; Talks behind other's back	1.40%
17. Accuracy of communication	Information is provided in a timely manner but it is incorrect; Consistent errors in communication	1.40%

*General comments related to a specific category and single comments that could not be classified into a behavior category are excluded. These accounted for 7.33% of responses.

ATTACHMENT C: THE RESULTS OF MISTRUST

Responses fell into the following broad categories:

	Example Behaviors	**Percentage of Responses**
Retention: The ability to attract and retain employees including those who feel trapped.	• Loyalty of current staff who either are or will be looking for a job • Ability to attract desired staff • Employees who feel handcuffed because of age, tenure, etc.	33.86%
Performance: The impact on cooperation, productivity, commitment, and profitability.	• Lowered commitment and productivity • Lack of cooperation • Reduced effort and doing the minimum to get by • Adopting a crisis-driven work style	30.22%
Morale: General motivation, satisfaction, and demeanor of the individual or work group.	• Lack of personal motivation • Reduced commitment levels • Lack of teamwork • Reduced satisfaction and enthusiasm for the job	16.59%
Fear & Openness: Withholding information and operating out of a sense of self-interest to the detriment of the organization or task.	• Questioning of every interaction • Devotes energy to protecting oneself from retribution or blame • Dishonest in selected communications • Avoids interaction	12.53%
Personal Impact & Respect: The effect of mistrust on the individual both on and off the job.	• Loss of respect for leaders • Personal stress • Loss of personal balance • Feeling that the organization is not people-oriented • Reduced desire or opportunity for advancement	6.58%

ATTACHMENT D: SAMPLE COMMENTS ON RESULTS OF MISTRUST
(ranked from most responses to least)

	Example Behaviors
Retention: The ability to attract and retain employees including those who feel trapped.	• "If the job market were better, 80% of my co-workers would already be working someplace else – we have lost faith." • "And as they say, a dissatisfied customer tells 10 people where a satisfied customer tells 3-4. The same works with employees, and recruiting the elite talent pool of employees can be difficult." • "I am also a part of upper management, and I do think that for younger employees it does play a significant role in them staying around."
Performance: The impact on cooperation, productivity, commitment, and profitability.	• "There is constant crisis management." • "My day-to-day performance now includes a 'water cooler' discussion with my team of what is going on in the company and who can be trusted and who is worthy of their position." • "I find it harder to be energized about doing a good job." • "I go in my office and close my door and try not to talk to anyone."
Morale: General motivation, satisfaction, and demeanor of the individual or work group.	• "Because of the nasty behavior and ill will generated by some of the senior managers within my organization, I sometimes feel very demotivated." • "Causes me to have a compliance mentality." • "It sucks my morale dry."
Fear & Openness: Withholding information and operating out of a sense of self-interest to the detriment of the organization or task.	• "You walk on egg shells most of the time, and God forbid you had a creative idea, because you would be shot down." • "Makes me feel that I should always have my guard up and look out for myself and basically I've come up with my own agenda as to why I want to stay." • "As a result, more time is spent in trying to plan contingencies as a result of reduced trust in the individual."
Personal Impact & Respect: The effect of mistrust on the individual both on and off the job.	• "Although I am nearing retirement age, and I have a great salary and benefits, I wonder what the cost is to my health working under these unhealthy conditions." • "I've been unemployed almost nine months; however, ethics and principles matter more than money." • "My overall view of 'corporate America' is pretty jaded."

RESOURCES

[1]"United States @Work, Eighth Edition." Aon Consulting, 2004.
[2]"WorkUSA® 2004: An Ongoing Study of Employee Attitudes and Opinions." Watson Wyatt Worldwide.