Importance of
Trust
in Business Organisations:
# Insights From Consulting Practice

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My background

- 15 years working as organisation development consultant and trainer.

- Areas/topics: people management, leadership, coaching, emotional competence skills at work.

- Individual executive coaching sessions, management team coaching sessions.

- Since 2004 partner and co-founder of a training and consulting company "TMD Partners".

- Work experience in NGO sector.

- Clinical psychologist.

The aim of a business organisation is...

- To earn profit.

- To achieve the goals that are set by the stakeholders.

- To work effectively.

- To provide qualitative products and services.

- To be sustainable.
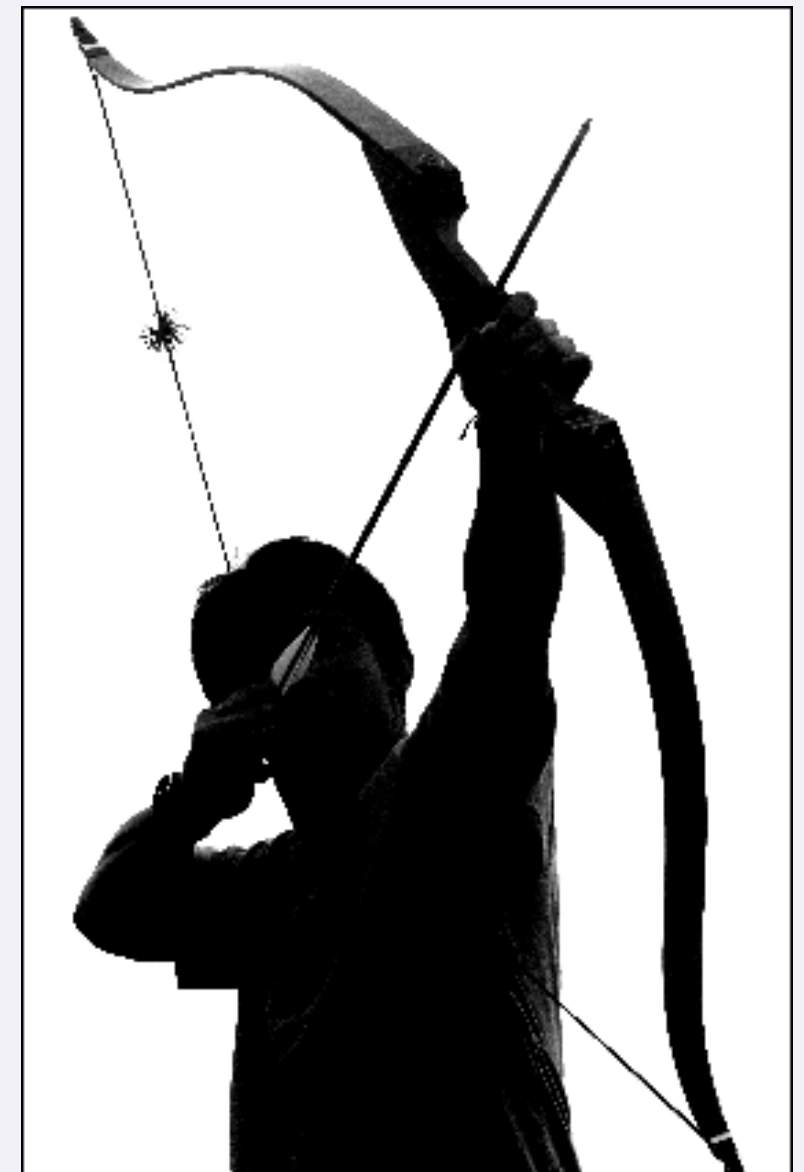
Why do organisations should care about trust? (Gallup 2002, Yale 2000)

- When employees trust their organisation, they become more involved in everyday activities.

- Trusting and involved employees share information, cooperate, help each other, put more effort when fulfilling their tasks and in this way may increase performance effectiveness up to 18%.

- Involved and motivated employees are 47% more loyal to the company.
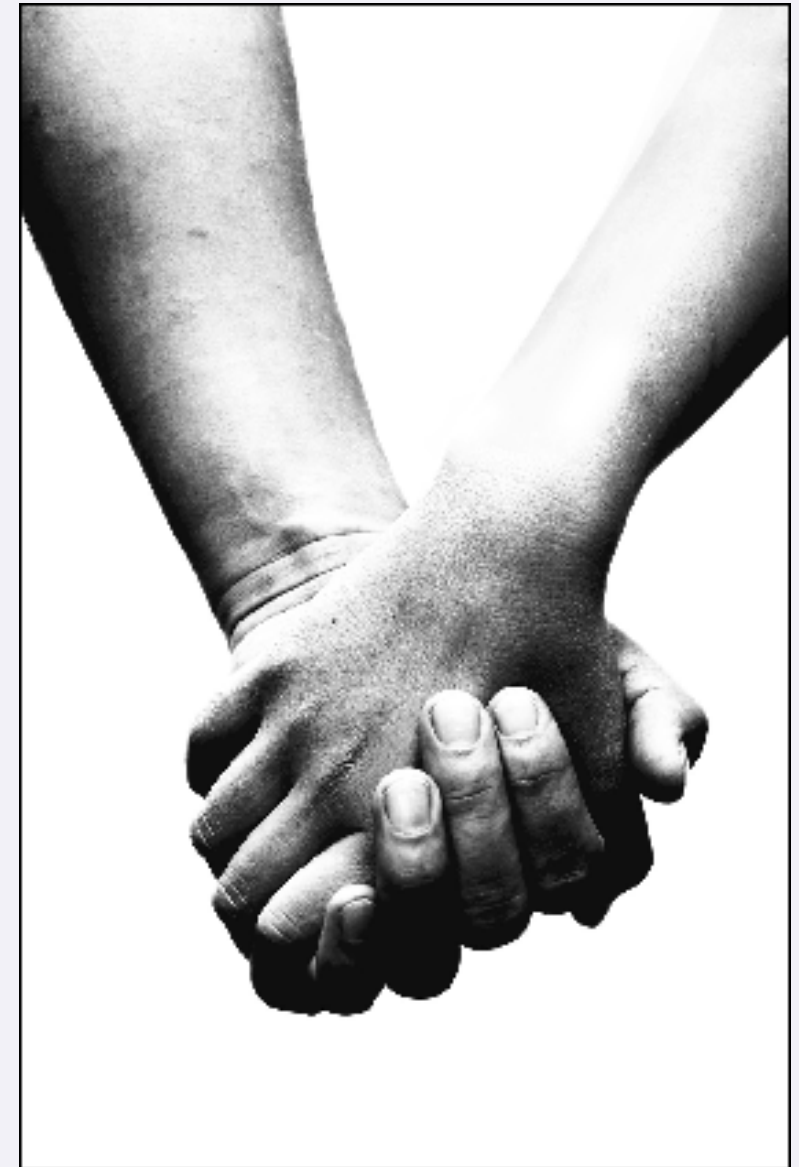
Trust in organization context is...

- Trust does not exist unconditionally.

- Trust needs **EXTRA** efforts.

- Trust is what you **BUILD** by - creating positive experience, listening, understanding, respect, support, acceptance etc.

- The feeling one person has for another person's capability and reliability supported by their past actions.

# Problematic areas that indicate lack of trust in the organizations

- Poor people management and leadership skills in the managerial positions.

- Conflicting TOP management teams.

- Competition between functions, departments and units.

Poor people management and leadership skills in the managerial positions

Symptom 1:

Managers spend more time working as specialists and fix operational situations themselves instead of developing their team members and delegating tasks.

Time distribution

42%

58%

- Working as specialists
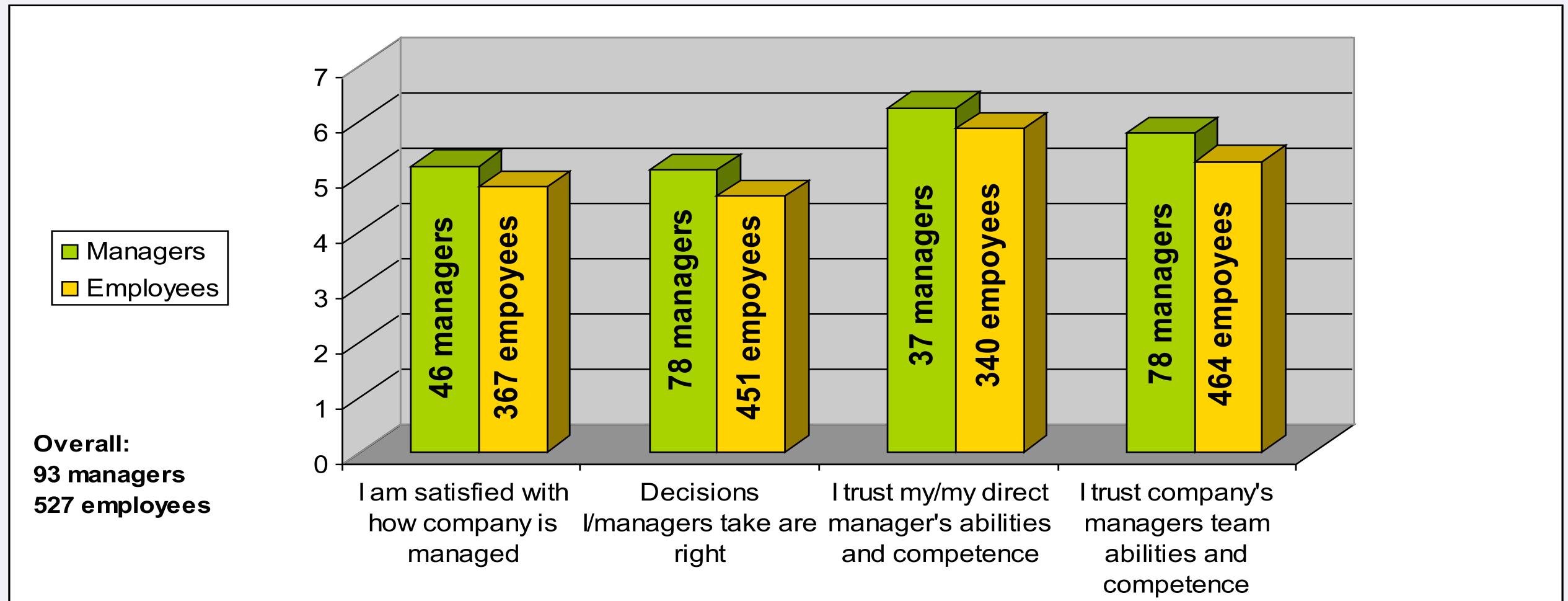- Management

Data collected from 77 executive managers
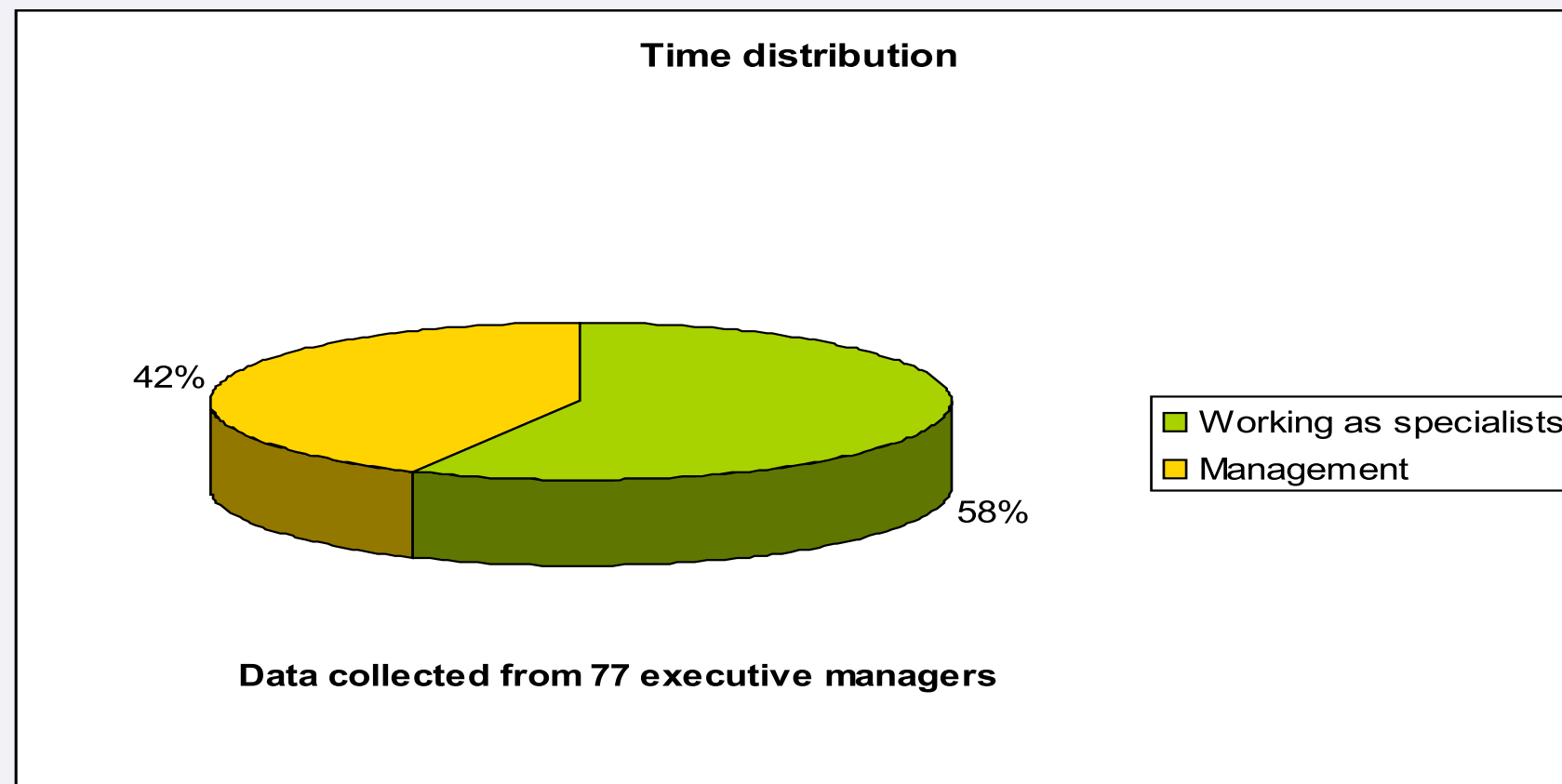
Consequences: Employees feel not valued and trusted as competent specialists, it developes a "learned helplessness" behavioral pattern; managers are overloaded, they can't leave for holidays, they are irreplaceable.

Symptom 2:

Managers often have a distorted awareness about their managerial skills and a lot of them use directive, command/control leadership style or overcontrol.

Overall:
93 managers
527 employees

Chart legend:
- Managers
- Employees

Categories:
- I am satisfied with how company is managed (46 managers, 367 empoyees)
- Decisions I/managers take are right (78 managers, 451 empoyees)
- I trust my/my direct manager's abilities and competence (37 managers, 340 empoyees)
- I trust company's managers team abilities and competence (78 managers, 464 empoyees)

Consequences: Employees feel hopeless that inappropriate managerial behavior might change, they learn to execute, do not suggest new ideas, innovations. Fresh managers copy the same behavioral pattern, so it becomes a culture.

Symptom 3:

A lot of managers "spit out" their negative emotions - anger, disappointment, sarcasm into their work environment and they have no idea about the negative impact of such behavior.

3/4
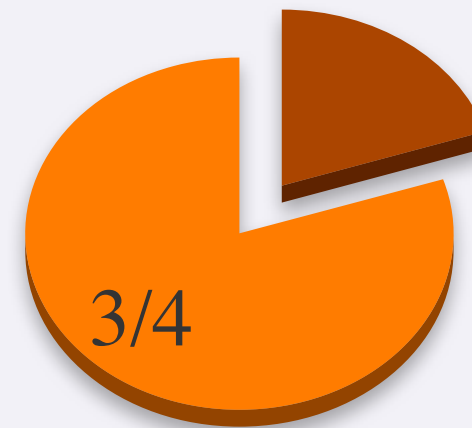
● Technical skills and intellectual abilities

● Emotional competence

D. Goleman 1995 2006

Result: Employees start to filter information, they fear to be insulted in front of others, so they express themselves less, managers get distorted picture of the situations and events. Employees spread received negative emotions to others.

Best practice for building trust in managerial competence

- Organize sessions to clarify and state organization values based on what is understood as success and what needs to be improved. Make values visible.

- Discuss and agree with managers - what is real responsibility in managerial role and how they may perform better if they develop their employees and use their potential, what they could do more on strategic/creative level if they delegate more responsibilities.

- Establish management/leadership competency model based on organisation's values with clear behavioral descriptions of positive behavior that is important to your company.

Eg.: values, competencies, behaviors

VALUE: ETHICAL BEHAVIOR

COMPETENCY: TRUSTWORTHY

- Fulfills agreed commitments and agreements;
- Demonstrates respect for clients, partners, colleagues;
- Treats company's confidential information appropriately (according the documented rules);
- Believes and supports the company's perspective and vision;
- Inside and outside of the company constructively talks about the company and its employees;
- Behaves reliably – the actions are consistent with words;

Best practice for building trust in managerial competence

- Organize periodical development discussions to assess competencies and agree on development areas.

- Conduct 360 feedback survey for managers to build self - awareness and suggest development options.

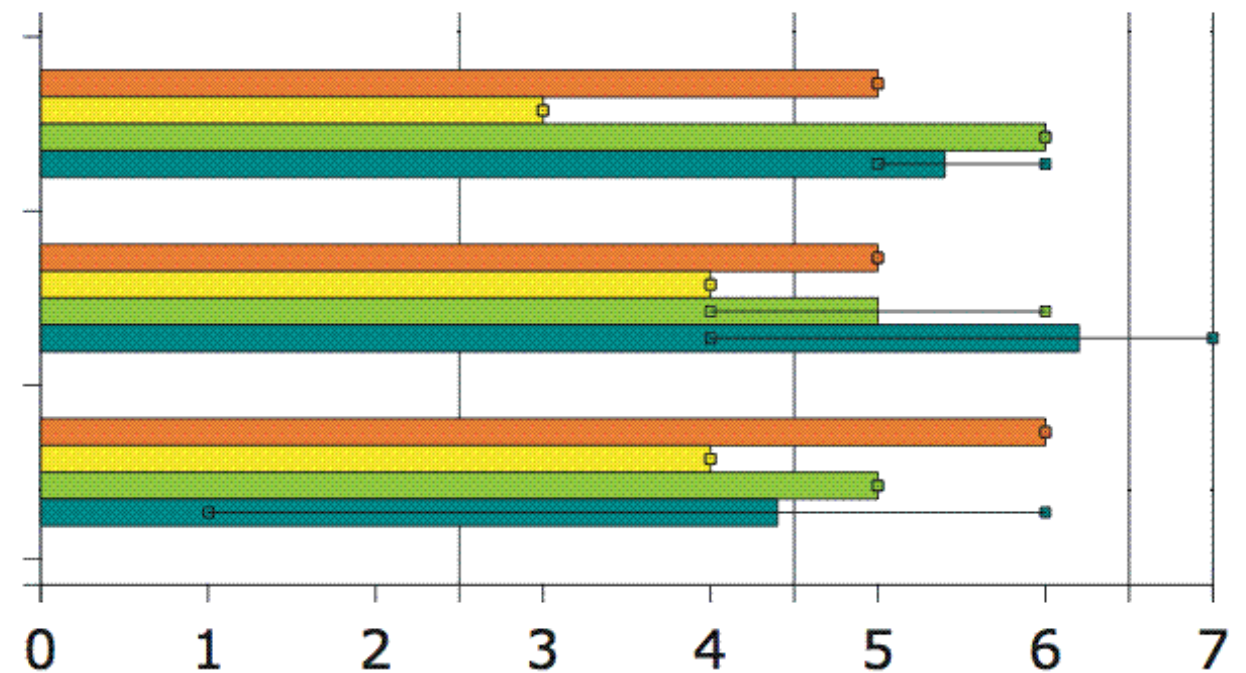- Organize individual development options for TOP managers, executive coaching sessions.
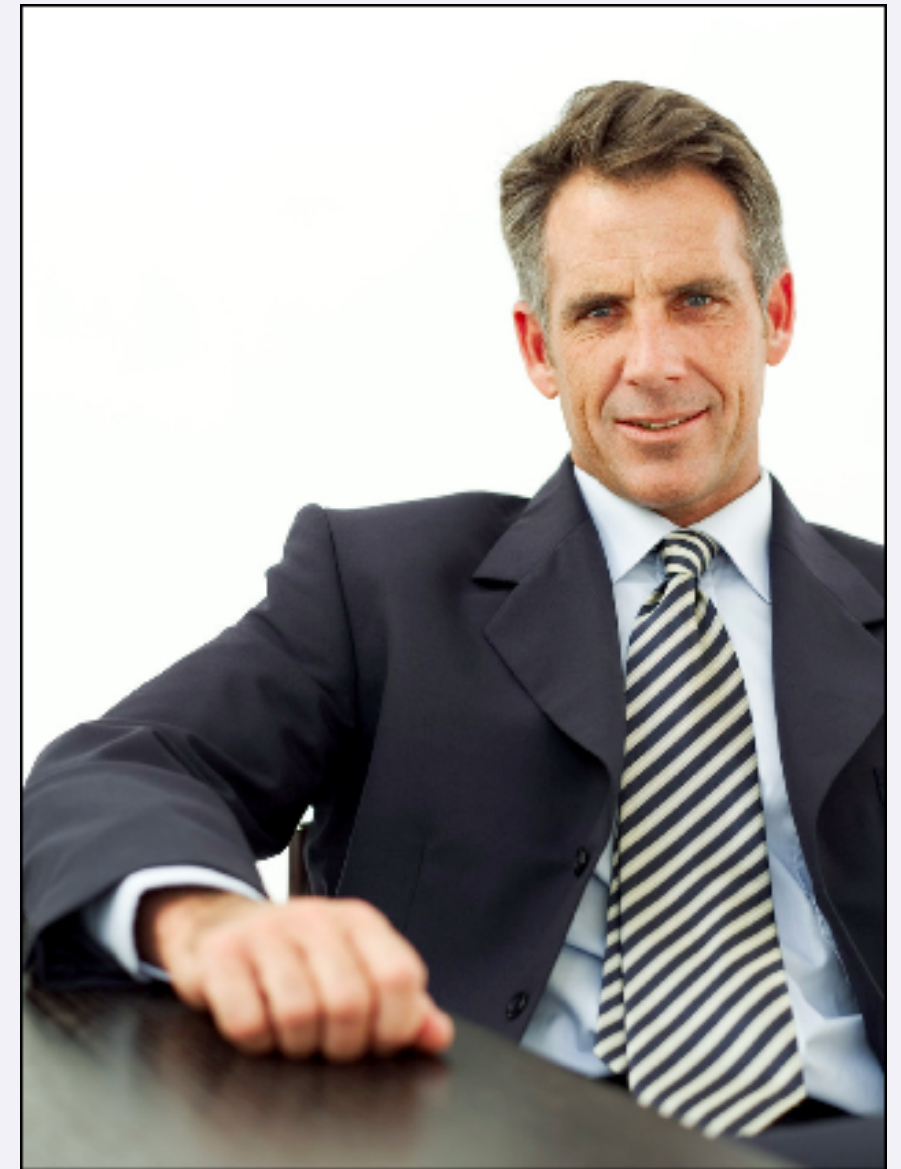
Eg.: 360 managerial competency survey

Best practice for building trust in managerial competence

- Develop basic managerial and leadership skills and emotional competence in active training courses;

- Follow - up on progress and reward for successful behavior, results.

Conflicting TOP management teams

Symptom 1:

TOP managers have long and exhausting meetings with no clear structure and decisions.

Consequences: TOP managers bring the uncertainty and negativity down to their functions which increases competitiveness and misunderstandings between units and teams. The synergy of TOP Management team is not functioning as managers lack facilitation skills.

Symptom 2:

Often TOP managers have negative attitudes towards one another, they do not understand the value of different personalities.

The study of 62 managerial teams revealed that the quality of psychological climate in the TOP team could predict organisation's results and cooperation between departments and units. (Yale, 2006)

Consequences: The attitude "we can, and we will do together" is lost. Important decisions might get stuck.

Best practice for building trust in TOP management team

- Introduce the concepts of personality or behavior differences for TOP management team - e.g. DiSC, MBTI or other valid methodology. Let each manager understand his/her own personality strenghts and development areas. Understanding of personality differences brings a lot of tolerance and relief into the team.

- Discuss personality types, strenghts and development areas in the management team. Let each manager present his/her profile.

- Make the team strenghts and development areas profile, validate it with real work situations.

Best practice for building trust in TOP management team

- Create space and time for individual feedback in order to verbalise the unexpressed emotions

- Introduce TOP managers how to provide constructive feedback.

- Don't forget the positive feedback.

Eg.: Personal feedback

- I get angry, when You ..., I ask you to ...

- I get stressed when You, I wish you....

- I am afraid when you, I ask you ...

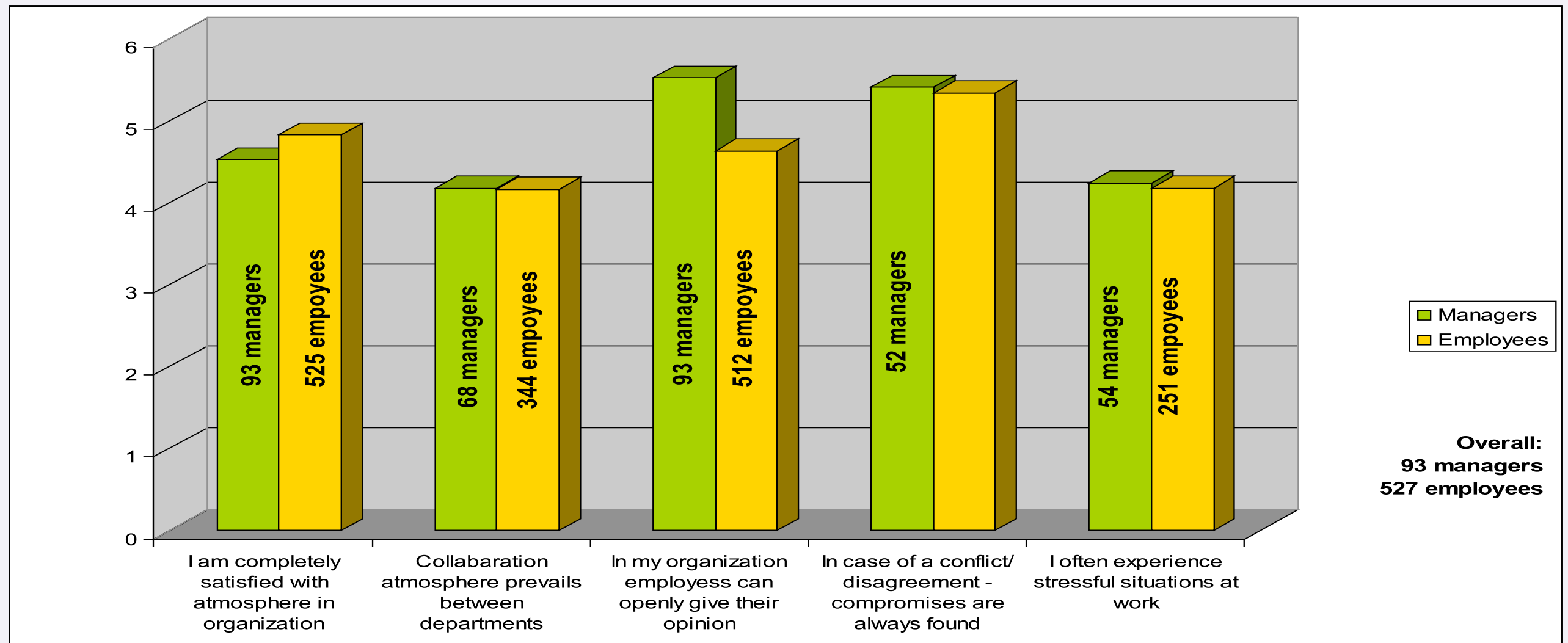# Best practice for building trust in TOP management team

- Facilitate the TOP management team to create their values or norms.

- Get team commitment to use team norms during the meetings.

- Develop team meetings facilitation and decision making skills.

- Shadow the real management team meetings.

- Follow-up how the team gets forward.

Competition between functions, departments and units

Symptom 1:
Organization climate surveys indicate lack of cooperation.

Legend:
- Managers
- Employees

Categories:
- I am completely satisfied with atmosphere in organization: 93 managers, 525 empoyees
- Collabaration atmosphere prevails between departments: 68 managers, 344 empoyees
- In my organization employess can openly give their opinion: 93 managers, 512 empoyees
- In case of a conflict/ disagreement - compromises are always found: 52 managers
- I often experience stressful situations at work: 54 managers, 251 empoyees

Overall:
93 managers
527 employees

Consequences: Atmosphere in the organization is tensed, employees tend not to help each other, the effectiveness is lost.

Symptom 2:

Units express open complains about each others work quality, meeting deadlines.

Consequences: Units solve their problems separately. Negative attitude towards functions deepen. It grows to personal level. Employees understand that they work for their unit goal, but not for the whole company.

Best practice for building cooperation between units

- Regularly measure organizational climate using your own questionnaires or acknowledged methodologies - e.g Q12.

- Combine quantitative and qualitative methodologies, attract third parties for the surveys.

- Always explain, present results of the climate surveys.

- Create goals for managers to reach certain % of the cooperation measure.

Best practice for building cooperation between units

- Organize cooperation building sessions between the most tensed units.

- Clarify real conflicting situations in a safe session environment.

- Model how to express and accept work related feedback.

- Always make agreements - who will do what and when.

- Follow-up on the agreements.

Best practice for building cooperation between units

- Organize cooperation promoting events throughout the organization.

- Make different units to present their activities to other units.

- Do targeted team-building events to form social connections between people.

- Discuss organization values and competencies.

Conclusions

- The trust may significantly increase organization's effectiveness.

- Trust is not an unconditional phenomenon and it needs a whole complex of efforts and actions to become present and to bring value for the organization.

- These complex efforts might form organization's culture - goals, vision, values, competencies, procedures;

- The beginning of trust culture starts at the TOP. Everybody looks at the TOP....

Conclusions

- As we have discussed there are concrete examples and methods that help organisations to built trusting relationships.

- The whole organization has to be actively involved in the culture forming events. Nice web page is not enough.

- The progress of forming trust culture has to be measured, reinforced, supported.

Questions?

Comments?

Ideas?

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