Additional factors in the new century have further frayed employees’ perceptions of and feelings toward their employers. The economy sputtered and senior executives, feeling the pressure of expectations created by the prosperity of the 90s, took drastic measures in attempts to appease stockholders and Wall Street. The results were devastating. Enron, WorldCom, Tyco, Adelphia, Health South, Global Crossing and numerous other organizations were scarred or even destroyed through shady accounting practices or greedy executives. Most damaged of all were these organizations’ employees—many of whom lost not only their jobs, but in some cases, their entire retirement savings, as well. This wasn’t a crisis restricted to the U.S., either, as executives in Australia, Singapore, and Europe also made poor decisions that resulted in major catastrophes that undermined their companies’ stability and credibility.

A decade after our original trust monograph, one fact is indisputable: The level of employee trust in their organizations and their senior leaders is at an all-time low. Making it worse are events and revelations beyond the business world that have left today’s workers wondering who they can believe outside of work, as well. Consider: the behaviors of some of our senior political leaders in the U.S. and other countries, recent scandals that raise questions about the accuracy of the stories we see in our prominent newspapers and magazines, the less-than-clear objectivity of our newscasters, the diminishing credibility of our doctors and lawyers, and even the cover-ups and scandals that have imperiled our churches. Then there was September 11, 2001, which created even more questions about how much of our time and talents we should commit to our organizations as opposed to investing more into our relationships with family and friends. In short, it’s as if our entire foundation of beliefs has gone through a tornado, and all that is left is the shattered rubble that is the psyche of today’s workers.

Somehow, the trust and integrity that once defined our relationships with our employees need to be rebuilt or at least reconfirmed. And, in a positive set of developments, there is energy around making it happen. In the U.S., Congress has tried to legislate integrity through...
the Sarbanes-Oxley act. Articles, speeches, and stories on trust and ethical behavior, which have become “hot topics,” are everywhere. Within DDI, we’ve recently realized that we needed to add integrity to our set of core values that we use to describe our cultural strategy. In the past, we always believed we didn’t need to list integrity as a value, that integrity and its byproduct, trust, were simply characteristic of the way leaders were supposed to behave. We couldn’t legislate it, we couldn’t write policies demanding it—it simply was the right thing to do.

In the last century, Albert Camus wrote (and we believed), “Integrity has no need for rules.” Four hundred years ago, Shakespeare lamented, “To thine own self be true.” But in 2003, the facts are in, and apparently there aren’t enough senior leaders who understand the major risks and costs of not demonstrating integrity in all that they do. The consequences are the cynical attitudes of today’s employees—attitudes that can only distract from an organization’s success.

WHAT IS “INTEGRITY,” AND WHAT IS ITS RELATIONSHIP TO TRUST?

Integrity means adhering to a code of ethics or a set of values, and it is a vital aspect of every personal and professional endeavor. It means matching our actions with our beliefs across a variety of situations. Integrity, as a measure of coherence and consistency, is key to building and sustaining trust. We trust those who are honest and consistent in their actions, who fully disclose important information, who are willing to deal with tough issues, and who are open about their objectives and motives.

Organizations that prosper over the long run commit to fundamental integrity in their products and services, their processes and systems, and their people. They “walk the talk,” even in the toughest of times. They base their interactions with clients on all principles of honesty, integrity, and partnership. They hold their leaders and employees accountable for modeling the highest ethical business practices in every aspect of their work. They keep their promises and follow through on commitments.

ARE INTEGRITY AND TRUST ISSUES FOR YOUR ORGANIZATION?

What leaders fail to realize is the power behind being perceived as having high integrity and being trustworthy. These perceptions truly do impact business results. Yet, often our behavior as leaders drives just the opposite. Trusted leaders get many rewards: engaged employees, retention of top talent, positive work culture, and—most important—results. Why is it that so few realize the power of integrity and trust as business tools?

As a leader, where do you stand? Here are some of the warning signs that trust is an issue in your organization or for you, personally:

> An active, inaccurate grapevine.
> Elaborate approval processes.
> Low initiative.
> High turnover.
> A high fear factor among employees.
> Turf wars.
> Defensiveness.

These are signs a trust issue exists, but the good news is that it is an issue that can be addressed.

BUILDING HIGH LEVELS OF INTEGRITY AND TRUST WITHIN AN ORGANIZATION

Simply put, trust means confidence—confidence that others’ actions are consistent with their words, that the people with whom you work are concerned about your welfare and interests apart from what you can do for them, that the skills you have developed are respected and valued by your coworkers and the larger organization, and that who you are and what you believe truly matter in the workplace.
More than 35 years ago in *The Professional Manager*, Douglas McGregor described the importance of trust: “Trust means ‘I know that you will not—deliberately or accidentally, consciously or unconsciously—take unfair advantage of me.’ It means ‘I can put my situation at the moment, my status and self-esteem in the group, our relationship, my job, my career, even my life in your hands with complete confidence’” (1967, p. 163).

Trust in organizational strategies and top management is the most critical component in creating commitment toward a common goal. Achieving that trust, however, can be difficult. Leadership guru, management consultant, and successful author Tom Peters captures the predicament this way: “Maybe the boss can force a person to show up for work, especially in trying times, but one cannot, by definition, force a person to contribute his or her passion and imagination on a regular basis” (1993, p. 51).

In his book, *Trust*, Jack R. Gibb explains that distrust and defensiveness in people are most likely to occur when:

> Top management is feared.
> Excessive pressure is placed on people.
> Sales are low.
> Emergencies arise.
> Labor pressures exist.
> The vision of the company is unclear.
> Cultural unrest exists.

Gibb describes a fear-distrust cycle that builds a climate of low initiative and creates a dependent, passive, and conforming workforce. The effect is obvious in today’s fast-paced, rapidly changing workplace (1991).

So, how do we break the fear-distrust cycle? Senior leaders need to place a high value on integrity and trust and then communicate that value to all associates in a way that conveys sincerity and commitment. Furthermore, they need to carefully plan and develop trust-building strategies, addressing five crucial areas that directly impact the level of trust people have in their organization:

1. The organization’s vision.
2. The organization’s values.
3. The compensation system.
4. The work environment.
5. Personnel decisions.

In the next section we will address each of these five areas.

**TRUST AND THE ORGANIZATION’S VISION, MISSION, AND STRATEGIC DIRECTION**

Most organizations today have a formal vision statement—that is, a statement of the organization’s ideal state. The question, though, is whether individuals “own” the vision. Do they enthusiastically support it? If the vision is too vague or too broad, unattainable, or ignores the role that individuals play in achieving the vision, employees will find it difficult to trust the direction in which their organizations are heading. On the other hand, if a vision is clear, represents an attainable “stretch,” and emphasizes the importance of individual contributions in achieving the vision, then employees will find it much easier to place their trust in the organization. In the best cases, individuals translate the company’s vision into their own personal vision.

The organization’s strategy, strategic direction, strategic intent, or whatever we want to call it provides the “how” to achieve the vision. It typically is composed of both business and cultural goals and plans for the enterprise. Hamel and Prahalad best expressed the link of this strategic direction to trust in their book, *Competing for the Future*: “It’s an ambitious and compelling strategic intent that provides the emotional and intellectual energy for the journey.”
Too often, organizational vision statements are only that—statements devoid of action. Fortunately, notable exceptions exist: Wal-Mart’s low-cost provider, Starbucks’ providing the world’s finest coffee, and Federal Express’ people-service-profits emphasis. These straightforward statements enliven their visions, making them easy to understand, support, and help achieve. Consequently, in these successful companies, individuals have a high degree of trust that their organizations are headed in the right direction, which in turn benefits them as well as their organizations.

Starbucks provides an extraordinary example of a company that has created a compelling mission statement that touches every employee and has become a rallying point for him or her, as well. Its vision statement, “Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow,” provides a mission that employees can get passionate about, have faith in, and trust. The organization’s guiding principles highlight the way people are treated, the value of diversity, customer satisfaction, and the importance of contributing to the community while also making a profit. Clearly, issues of integrity, trust, and work environment are key fundamentals that Starbucks views as critical to its success. The results: *Fortune* magazine has named Starbucks as one of the best places to work five times; it is recognized as one of the most responsible (ethical) companies in America; and, most important, it boasts a dedicated workforce of 20,000 committed employees. The level of integrity and trust in Starbucks’ direction and purpose is one of the highest we’ve ever seen in an organization.

**INTEGRITY/TRUST AND THE ORGANIZATION’S VALUES**

Values are beliefs or convictions that guide behavior and support the overall organizational vision. Typical values in today’s organizations can include exceeding customer needs, engagement, innovation, bias for action, quality of life for associates, integrity, safety, development of people, and cost containment. A successful organization will develop values that guide behavior and help achieve its vision. Values help define or describe the desired culture; further, they communicate what is important to the organization as well as what key practices and behaviors will be recognized and rewarded. An overarching behavior that we promote in our company is “living the values,” because by living the values as a leader, you develop a higher level of trust in the workplace.

Trust becomes pervasive when—and only when—the organization’s values are followed and supported by senior leaders. By modeling the organization’s values, senior leaders provide a benchmark for all employees. In addition, senior management communicates expectations clearly so that fear, defensiveness, and reactive behaviors are replaced with proactive, responsive actions that improve quality, reduce costs, and better meet customer needs.

One of the more challenging trust scenarios to confront a company arose in 2000 at Bridgestone/Firestone after the recall of millions of defective tires. The newly appointed CEO, John Lampe, knew he had to reestablish integrity in the manufacturing quality-control processes while also regaining the trust of both employees and customers. Obviously, quality became a driving value around which Lampe aligned processes, systems, accountabilities, and communications. In addition, his unassuming style and sincerity in communicating his message became part of the turnaround process at Bridgestone/Firestone. The employees took their cue from Lampe’s authenticity and developed a high level of trust in the company’s ability to recover.

Likewise, the employees of 3M clearly trust that their organization supports and lives by its driving value of innovation. Johnson & Johnson’s credo of values drives the kinds of decisions that have for years fostered a high-trust environment and established the company as one of the best for employees worldwide. At the Timberland Company, a community involvement value has resulted in
employees amassing more than 200,000 hours of community service. At Alcoa, employees trusted the integrity of Paul O’Neill and his senior leadership team, who deflected any attempts to use risky accounting schemes to manage earnings. Wal-Mart and Nordstrom are exceptional examples of retail firms that employ the customer service value in all aspects of their businesses. In all of these corporations, employees have a high degree of trust that their company’s values are “real.”

Perhaps Tom Watson, Sr., showed the best example of behavior consistent with values, even under difficult circumstances, when he ran IBM. One day a junior executive who had made a $10 million mistake was called into Watson’s office. Because of his costly blunder, the employee assumed he was about to be fired. But Watson believed then, as many of his followers believe now, that one of the most critical values at IBM is the development of people. So, when the junior executive asked if he was being fired, Watson quickly responded with an emphatic “No!” Then Watson added, “I just spent $10 million educating you—why would I want to fire you now?” Such exemplary consistency with a set of values could not fail to create an enormously high level of employee trust and set a model for all other leaders and associates.

TRUST AND THE COMPENSATION SYSTEM

Few issues create as much controversy and distrust as compensation. Recent payouts of millions of dollars to senior executives at companies where, simultaneously, employees are being laid off have ramped up the level of distrust. That is why senior leaders need to manage their organizations’ compensation systems with care and precision. If people believe that management’s objective is to pay them as little as possible, their lack of trust spills over into related areas and negatively impacts their work—and the vicious cycle of distrust begins.

For an organization’s compensation system to be perceived as fair rather than manipulative, senior leaders need to follow a consistent and honest approach by doing the following:

Share salary ranges with associates, as appropriate. Individuals have a right to know the ranges for their particular job categories and to see how high their compensation will go if they make it to the top of the range.

When organizations permit—and even encourage—open communication about general salary information, they foster trust. Why? Because people assume that if the company is forthright about a topic as important (and potentially sensitive) as compensation, then they can trust the organization in other areas, as well.

It is important to note that organizations should share salary ranges, not individual compensation information. When associates know of others’ specific salaries, trouble is inevitable because everyone tends to inflate their own perceived organizational value while deflating others’. In other words, most people think they should be paid more and others should be paid less!

Make merit pay decisions based on fair, objective data that reflects actual performance levels. Perhaps nothing is more frustrating—or more damaging to trust in the workplace—than perceived favoritism toward certain associates. When partiality is suspected, people assume that something other than job performance is driving salary decisions, and trust diminishes. If, on the other hand, associates see a clear connection between job performance and pay, they strive to improve their on-the-job performance. Equally important, they trust that their organization is playing fair.

If possible, make bonus systems quantifiable in order to avoid the necessity of discretionary or unilateral decisions on bonus accounts. Remember, unless organizations give 100 percent of discretionary bonuses, people will be unhappy; and if organizations regularly give 100 percent of discretionary bonuses, they don’t need (or really have) a bonus system.
Assure that the human resources department conducts internal equity comparisons for the same or similar jobs. If two people in the same job with similar backgrounds and experience make significantly different salaries, trust erodes quickly (there also are possible legal ramifications).

Be sure the human resources department conducts external market equity comparisons for key jobs in the organization. If organizations underpay, they might lose good people; even worse, the individuals who don’t leave will resent the underpayment, and the distrust cycle will begin anew.

With today’s concern about executive compensation, a healthy cynicism exists concerning the perceived greed of senior leaders. In fact, individual and institutional shareholders are now taking a closer look at how much poor-performing executives are paid. Recently, at GlaxoSmithKline in the United Kingdom, shareholders rejected a compensation plan for the chief executive that would have guaranteed him an enormous payout if he leaves or is asked to leave in the event of poor performance.

One policy that can help build trust is to ensure that all employees share in the organization’s gains. Another is to ensure that senior executive pay is based on results. If an organization is not doing well, executive pay should reflect that situation; in difficult times, organizations need to manage costs at all levels.

While there is no shortage of negative examples of CEOs receiving multi-million-dollar compensation packages while employees are losing their jobs and pensions (e.g., a U.S. airline; Enron; WorldCom; a provider of insurance and financial services to unions; etc.), there also are several positive examples where CEOs and senior leaders are paid significant amounts only when the value of the company increases. Even better, some CEOs are not taking their pay or bonus at all if their company doesn’t meet expected performance goals. Sidney Taurel, CEO of Eli Lilly & Co., refused his salary and bonus for 2002 because of his company’s disappointing performance. Luc Vandevelde, chairman of U.K. apparel firm Marks & Spencer, has recently agreed to be paid only in company stock, directly linking his remuneration to the organization’s performance.

TRUST AND THE WORK ENVIRONMENT

The environment in which individuals work contributes significantly to their perceptions of senior management, and to what extent they believe top-level managers really care about the people who work for them. While the work environment itself will not determine the level of trust in the organization, conditions that communicate a lack of caring will create feelings of distrust, particularly if senior managers work in an environment that is perceived as better than the one in which employees work.

For example, office decor, type of furniture, carpeting, and windows all communicate how much senior management cares about employee comfort and satisfaction. Surroundings don’t have to be luxurious, but people should feel comfortable and relaxed at work. If senior management has significantly more extravagant furnishings, their credibility and trust are at risk.

That’s something that Alfred P. West, Jr., founder and CEO of SEI Investments, a financial services firm that operates the back-office services for mutual funds companies and bank trust departments, realizes and lives. Rather than a spacious corner office, West has the same open-plan office space and desk as anyone else at the company headquarters in Oaks, Pa. He also declines stock options, pays himself an extremely reasonable annual salary, and shuns the perks that other CEOs commonly demand in their contracts. Why? “The CEO sets the tone for an organization’s culture,” he says. “If you separate yourself from everybody else with corporate aircraft and enormous stock options, your employees are going to get the wrong message,” (Byrne, 2002).

More important than amenities, however, is the atmosphere that exists in an organization. A negative atmosphere can send ripples of discontent
throughout an organization, extinguishing any hope of developing trust. For example, all employees should be able to trust senior management to create an environment free of discrimination and harassment—sexual or otherwise. If discrimination and harassment are tolerated, or if anti-harassment and anti-discrimination policies exist but aren’t consistently enforced, trust can hit rock bottom. In cases of harassment and discrimination, senior management must take immediate and decisive action, not only because it’s the law but because it communicates to all employees that they can trust senior management to apply laws and policies to all individuals, regardless of race, gender, nationality, or status.

TRUST AND PERSONNEL DECISIONS

Some of the most difficult decisions senior leaders make are personnel decisions such as those associated with hiring, firing, appraisals, promotion, and transfers. If an organization is to build trust, such decisions must be based on factual, objective data. Typically, employees will scrutinize promotion decisions to determine whether senior management cares more about performance and values or about “achieving the numbers at any cost.”

Former General Electric CEO Jack Welch, in his now-famous declaration in the 1991 GE annual report, clearly communicated that senior leaders who hit their numbers but did not live by the company’s values would not be a part of the GE organization in the future. True to his word, Welch terminated two senior executives who fell into this category. Employees’ overall reaction to Welch’s decision was positive—they saw that they could trust the organization’s resolve to adhere to its established set of values.

Most senior leaders agree that the most difficult personnel decisions are those related to dealing with substandard performance, especially when the poor performer should be dismissed. In many cases, it is easier to look the other way or give people endless chances to improve; however, senior managers often fail to realize that not addressing poor performance affects those who are performing satisfactorily and meeting their objectives. Inaction erodes people’s trust in senior management and leads them to question why they work so hard to meet performance expectations if, it appears, performance doesn’t really matter.

CREATING TRUST IN SENIOR MANAGEMENT

In their book, Leaders: The Strategies for Taking Charge, Warren Bennis and Burt Nanus cite trust as a key element of effective leadership: “Trust is the emotional glue that binds followers and leaders together. The accumulation of trust is a measure of the legitimacy of leadership. It cannot be mandated or purchased; it must be earned. Trust is the basic ingredient of all organizations, the lubrication that maintains the organization” (1985, p. 153). If Bennis and Nanus are correct, then senior leaders must shoulder an enormous responsibility: They must establish cultures where trust exists in both directions, from employees to senior leaders and vice versa.

In The Healing Manager, William Lundin and Kathleen Lundin make a hypothetical investment calculation about the benefits of trust. They estimate that when a leader gives one ounce of trust to a group of people, she or he sees one pound in return. If so, any group of managers would willingly give out tons of trust. But they don’t. Why? Because they fear losing control, not knowing what’s going on, not being on top of things, and seeing declining quality and customer service. This apprehension is profound, causing many top executives great anxiety. Lundin and Lundin contend that the anguish leaders feel is brought on by themselves: “The destructive dance of distrust usually starts in the hearts of those on top, not in the hearts of hourly employees who, as we’ve discovered, so desperately want to be trusted, who actually beg for it” (1993, p. 145).
Given the importance and value of creating increased levels of trust in today's organization, the question then becomes what senior leaders can do as individuals to promote increased trust. In the first part of this monograph, we examined what senior leaders can do as members of the larger organizational group. This section focuses on individual leaders' behavior, because effective leaders establish a foundation of trust at the individual level.

The adage “actions speak louder than words” has never been truer. For all of senior leaders’ focus on strategies, structure, or customers, few factors are as powerful in changing the organizational culture as what they actually do. Top managers truly live in glass houses where people scrutinize every move and word to uncover the true meaning. Consequently, senior leader behavior is a major thrust for change in organizations that want to create a different culture for the future.

How well senior leaders foster trust is a function of a number of factors. As shown in Figure 1, these factors can be categorized under business competence or people orientation. Let’s take a look at each of these factors.

### Leadership Competence

Regardless of how well senior leaders get along with people, they have little credibility if they also do not have a high level of leadership competence. This does not imply, of course, that they must be technical experts in a specific field. Rather, it means that they must be competent in managing organizations, marketing strategies, and awareness; they must be able to make sound decisions and interact successfully with customers, board members, and other senior executives.

The recent turnaround of IBM under Lou Gerstner is a classic example of a strategic leader coming from another industry (Philip Morris) and making the changes necessary to recreate IBM into the powerhouse it is today.

### Action Orientation

In addition to being competent in business, leaders must be willing to make decisions and take action. A competent leader who is unwilling to take action is like a hose with no water—useless. Clearly, today’s organizations cannot afford this type of leader.

Interestingly, most people realize that leaders need to be decisive; those who can’t make tough decisions will not be trusted to lead their companies in the right direction. We have worked with several executives who have told their new senior leaders, “Now that you are a senior executive, you will be paid big bucks for one reason: to make the hard decisions. Don’t be afraid to make them. If all you do is make the easy decisions, we don’t need to pay you as much.”

Trust is enhanced when everyone knows that a leader will take necessary actions. In the studies detailed in their 1990 book, *The Leadership Challenge*, James M. Kouzes and Barry Z. Posner found three characteristics of leaders who were most admired by employees: integrity, competence, and leadership. Both competence and leadership are marked by decisive action and direction, and
both are critical components in building trust in senior leaders’ actions (Integrity was defined as keeping one’s word). Given the timelessness of these characteristics, it was not surprising that Kouzes and Posner’s follow-up studies 10 years later revealed that employees still admired the same three characteristics in their leaders (1993, p. 12).

Two other critical behaviors related to action orientation are initiative and risk taking. We have always told people—especially sales and marketing associates—that if they aren’t making mistakes, they aren’t trying hard enough. Of course, we always add, “Don’t make the same mistake twice!” In other words, show initiative in daring to take risks, knowing, of course, that some mistakes will be made along the way. When people continually learn from their mistakes, they ensure constant improvement. Our recent research on leadership potential highlights the constant learning agility that effective senior leaders exhibit. They obviously are people who learn from their experiences, successes, and mistakes.

**PEOPLE ORIENTATION**

It’s obvious how important leadership competence and action orientation are in building trust. Yet, there are competent, decisive leaders who are distrusted—even hated—by employees. The other important criterion, the second half of the trust equation, is a leader’s basic orientation toward people.

**Fundamental Belief in People**

Developed in the 1960 book *The Human Side of Enterprise*—and still relevant today—Douglas McGregor’s Theory X and Theory Y model captures a typical leader’s “people” philosophy. Deep down, Theory X leaders believe employees need to be prodded, pushed, and controlled to make sure they will do a good job. According to McGregor, Theory X leaders don’t trust people: Their basic, fundamental belief about people is that they are lazy and cannot be relied upon to do a good job unless someone is watching over them at all times.

A Fortune 500 vice president of human resources shared with us what his CEO told him about people when he first joined the company. According to this Theory X leader, people are like lemons: We have to squeeze out all the juice we can and then throw away the remains. The CEO went on to explain that the new vice president’s job was to devise strategies to make sure that all the juice was squeezed out and that they then got rid of the employees afterward. Not surprisingly, this new vice president was completely bewildered as to how he could operate in such an environment. Though very successful by some measures, this company had a terrible morale problem: huge costs in payroll, recruitment, and training—and very high turnover rates, especially among HR vice presidents!

It’s fairly obvious that Theory X leaders do not generate trust. They always tell employees what to do, reserve all decisions for themselves, get upset if people leave work a few minutes early or arrive a few minutes late, and use one example of behavior to deduce that it represents a pattern of behavior for that employee or, even worse, for all employees.

When all attempts to train and “convert” Theory X leaders fail, one simple but effective solution remains: Remove them from the workplace. Until they leave, such leaders will drain an organization’s vitality, energy, and enthusiasm. Theory X leaders don’t take risks because they fear the consequences of making mistakes; just the opposite needs to happen in today’s hyper-competitive environment.

In contrast, Theory Y leaders offer a baseline level of competence and engender far higher levels of trust in their employees. Theory Y leaders affirm that:

- People have a deep-rooted need to do a good job.
- People are honest and can be trusted.
- People deserve to be treated with dignity and respect.
- People become committed when they are involved.
- People closest to the work know it best.
- Teamwork works better than competition.

(Badaracco and Ellsworth, 1989).
One of Stephen R. Covey's suggestions in his best-seller *The 7 Habits of Highly Effective People* is to think “Win/Win.” Covey insists that trust is the essence of Win/Win: “Without trust we lack the credibility for open, mutual learning and communication… The Win/Win [high-trust approach] is the ideal springboard for tremendous synergy… It eliminates the negative energy normally focused on differences in personality and position and creates a positive cooperative energy” (1989, pp. 220-221).

Understandably, some senior leaders find it difficult to use this high-trust approach when faced with the pressures of reducing profits, losing market share, and satisfying shareholders who demand better earnings. Yet, to build trust, they must modify their styles to empower others. An evolutionary process of change can transform leaders and companies from places of micro-managed, high-control, autocratic environments to places of high involvement, empowerment, and rapid response to customers.

A classic example is Jack Welch: Over a 13-year period, Welch and other senior leaders transformed GE from a bloated bureaucracy with little involvement and trust to one of the world’s most competitive companies with a highly committed workforce. Welch expressed the extent of the change this way: “We used to tell people what to do, and they did what they were told and not one other thing. Now we are constantly amazed by how much people will do when they are not told what to do by management” (Hillkirk, 1993, p. 5-B).

Witness other executives who are leading very successful organizations: Fred Smith at Federal Express, Richard Wagner at General Motors, Pete Correll at Georgia Pacific, Herb Kelleher at Southwest Airlines, Henry McKinnell at Pfizer, and even Jeffrey Immelt (Welch’s successor at GE). These leaders’ trust-building styles affect people all the way down to the bottom line.

Kouzes and Posner’s research for their book, *Credibility: How Leaders Gain and Lose It, Why People Demand It*, strongly supported the benefits of having leaders who are honest, competent, and inspiring. In one study (see Figure 2), they compared employees’ sense of teamwork, alignment of organizational values, work attitude, and organizational commitment with leaders’ honesty, competence, and abilities to inspire. They found that employees who worked for leaders viewed as being more honest, competent, and inspiring were more likely to feel a strong sense of teamwork, alignment with organizational values, positive work attitude, and organizational commitment (1993).

### Credits work group with strong sense of team spirit

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### Has personal values consistent with company

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### Is proud to tell others where employed

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### Intends to work for this company in two years

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### Has positive work attitude overall

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* Differences between low and high groups were statistically significant at p<.001.

**Figure 2**

*Tests of Employee Attitudes by Low and High Groups on Honest, Competent, and Inspiring (N=113).*
Theory Y leadership produces significant benefits for employees as well as for the organization as a whole. But clearly, exhibiting this type of leadership requires a fundamental belief in people.

**Open Communication**

It is very difficult to trust someone you don’t know. Consequently, if leaders want to earn and build trust, they must share their feelings and beliefs so that employees gain a clear picture of leaders’ values and priorities. In other words, employees must be able to get to know them. Senior leaders truly must lead the way in creating a culture that reinforces and models open, honest, straightforward communication.

Consider the impact of Pfizer’s chairman and CEO Henry McKinnell’s decision to post parts of his performance review—good and bad—on the company intranet. The 25 executives reporting to him—and assessing him through 360-degree feedback—said he needed to give them more coaching, work with them more frequently to solve problems, and choose his words more carefully when critiquing work. McKinnell then drew up a personal development plan to improve his performance. A consultant who has worked with Pfizer stated, “He’s demonstrating the behaviors he wants from his people. He’s living the values of openness and leadership” (Keenan and Brady, 2002).

How do you promote open communication with employees to gain trust? Here are five easily adaptable behaviors:

1. **Be positive.**
2. **Seek others’ ideas.**
3. **Listen.**
4. **Disclose.**
5. **Don’t shoot the messenger.**

Each of these behaviors helps to build bonds of trust between leaders and employees.

If practiced regularly, they create a synergy that proclaims to all that leaders model, value, reinforce, and desire open communication throughout the organization to help build an environment grounded in trust.

1. **Be positive.** Employees look to senior leaders for direction, guidance, and inspiration. For this reason, leaders need to focus on the positive aspects of people, events, results, and the organization as a whole. By nature, many people tend to be critical. Yet, it’s evident that raw criticism does more harm than good, and it can destroy attempts to build trust unless it is tempered with effective coaching for improvement. Leaders need to develop their analysis skills to be able to distinguish the “good” behaviors from the “bad,” and then they must learn to focus on the positive while providing constructive feedback about areas needing improvement.

2. **Seek others’ ideas.** Leaders must seek ideas from others to increase their understanding of what is happening and why. Covey tells us that another habit of highly effective people is that they seek to understand—and then to be understood. Too often, leaders listen with the intent of replying, not understanding; then they reply only to the content of what was said and miss out on hearing people’s feelings (1989, p. 255). When leaders seek others’ ideas, trust grows.

3. **Listen.** Leaders can improve their listening skills by getting into the habit of offering an empathetic response that reflects the content and the feelings communicated. For example, an individual might say to a manager, “I worked on this project for weeks, and now it’s being scrapped.” An empathetic response might be, “It must be difficult to hear that all your hard work was for nothing.” An empathy statement shows an employee that the leader has heard—and felt—what the employee had to say.

It doesn’t take many empathetic responses for leaders to begin seeing an improvement in the trust level of their people. But of course, empathy is effective only if the leader’s intent truly is to
understand and help clarify concerns or issues. If her or his empathy is insincere, a leader actually can lower the trust level.

4. DISCLOSE. One of the fundamental reasons employees have low trust in leaders is that they simply do not know what their leaders think or believe. This situation occurs because leaders sometimes hesitate to disclose their feelings and thoughts for fear of appearing weak. Additionally, they fear that sharing information and not being the only ones “in the know” will reduce their value or power within the organization. Yet, disclosure is a powerful technique for building trust between leaders and their employees. When leaders remove the mystery surrounding what they think and feel, people have a better understanding of the leader’s position, behavior, and decisions—all of which enhance the level of trust.

5. DON’T SHOOT THE MESSENGER. Finally, open communication quickly evaporates when leaders “shoot the messenger.” The bearer of bad news isn’t necessarily the cause of the bad news; and the more frequently the messenger gets “shot,” the lower the level of trust between leaders and employees. Interestingly, the Japanese use a very different approach to problems than do American leaders. Business leaders in Japan are clear when a problem arises: The goal is to fix the problem and prevent it from occurring again. American business leaders tend to place blame, to find out who was at fault.

Another result of shooting the messenger is that sources of information quickly dry up, and leaders are left wondering why no one will share what they know about events or issues. A vicious cycle begins when leaders start to distrust what people tell them and employees don’t trust their leaders enough to tell them the truth for fear of getting “shot.” Leaders can break this negative cycle by encouraging employees to share news—good and bad—in the spirit of constant improvement. When messengers don’t get shot, more messengers will come forward.

The Importance of Consistent Behavior
Perhaps the most difficult challenge for a successful leader is to behave consistently, on a day-to-day basis, in a way that reflects the organization’s vision and values. Once leaders have communicated the types of behaviors that support the organization’s vision and values, employees have the right to expect that leaders will model these ideals. They have a right to expect dictatorial, low-involvement leadership to give way to empowering, high-involvement behaviors.

Walking the talk is not easy, though. Many leaders know what they should do, but doing it every day is difficult. Leaders must redirect and refocus their time and energy on activities that communicate clearly the critical factors for the organization’s success. They need to address these critical aspects of the business via empowerment. Leaders also need to be articulate advocates of the vision and values to the point that they spend time—regardless of the company’s size—talking with employees about the future and listening to their ideas and concerns. Finally, leaders must be faithful about keeping the commitments and promises they make.

J.W. Marriott, Sr., and his son J.W. Marriott, Jr., of Marriott Hotel fame, are classic examples of leaders who spend their time focusing on customer satisfaction. Most mornings they take time to read comment cards completed the day before by customers. This activity, as well as the Marriotts’ immediate follow-up on any problems, clearly communicates to people that the customer comes first and customer complaints demand swift action. In other words, these leaders are showing, not just telling the behaviors they value (Belasco, 1990).

Once, Bob Rogers stayed in a Marriott hotel where J.W. Marriott, Jr., was scheduled to visit. When Bob asked the employees if they were prepared for their leader’s visit, the reaction was not one of fear but rather anticipation and appreciation that he would be spending time with them. One employee said that she had heard about Marriott, Jr., frequently...
getting up at 3 a.m. to see how things operated in the hotel for customers who might be awake at that hour. Marriott also made a point of letting the night-shift employees know that their contribution was every bit as important as that of those who worked the more-visible day shift. Bob left the Marriott that day thinking, “Here is a leader who has his employees’ trust because he spends time with them and focuses on the most important aspect of his organization’s vision: customer satisfaction.”

When Pete Correll became the CEO at Georgia-Pacific, he realized that to create a sense of urgency for Georgia-Pacific’s vision for the future, he needed to spend time with people, get to know them, and share his action plans for the company’s future. Consequently, he crisscrossed the country visiting as many of his company’s facilities as possible—not only sharing and articulating the vision, but also clearly communicating what he personally would do to make it happen. He said, “I will be spending my time on focus, commitment, and developing a vision at Georgia-Pacific or, in the words of today, being sure we ‘walk the talk.’”

Leaders need to show the importance of achieving the vision and living the values. They need to demonstrate this truth in every interaction with every employee. Trust in leaders—and in the vision—happens only when leaders consistently focus on the vision. Slowly but surely, such leaders build employee trust by showing that they truly are walking the talk.

Too often, senior leaders say the right things but do the opposite. They espouse empowerment but then impose excessive controls, don’t involve others in decision making, or spend more time “blaming” than preventing problems from recurring.

Numerous organizations have implemented improved performance management systems; however, if senior leaders communicate their support for such a system but then don’t apply the process to themselves, the system is doomed to fail, and trust to erode.

Leaders must realize that when they make commitments, following through and keeping them are essential. If not, they have no one but themselves to blame when their credibility evaporates.

TRUST AND YOUR FRONTLINE LEADERS

An exit interview was conducted with a sales rep at a large pharmaceutical organization. The question asked was, “Why did you decide to leave our organization?” The answer was simply put: “I don’t want to burn a bridge, but I just was not happy with the environment created by my supervisor. I never had a performance review. I never knew my targets. I always felt that my work was never good enough.” So did this person leave the company or his leader? First- and second-level leaders are the linchpins to productivity and the retention of your workforce. Retaining talented employees is the leader’s job, and employee satisfaction is the key to retention. Exceptional leaders create an environment where employees can maximize their talents and perform at or above expectations. Frontline leaders, therefore, become the true barometers of whether employees trust their organizations. Regardless of what senior leaders do, if frontline leaders do not help create trusting work relationships with others, all other efforts might be wasted or reduced significantly. Frontline leaders must inspire loyalty and trust. This is no easy task. To create a high-trust workplace for employees, frontline leaders must consistently and repeatedly apply a combination of essential skill sets:

- **Build an Environment of Trust**—Communicate using the Key Principles as your guidepost (see Key Principles definitions on page 14).
- **Motivate Others**—Encourage your employees and reinforce the positive.
- **Value Differences**—Show appreciation for the uniqueness of each employee and the skills, knowledge, style, and ability he or she brings.
- **Develop Others**—Invest in each employee’s ongoing growth and development.
> **Retain Talent**—Check up on each employee regularly to ensure that he or she is engaged and productive.

> **Lead Change**—Take responsibility for employees, understanding why change is happening and necessary.

> **Be an Adaptive Leader**—Understand the impact you have on others and the importance of adapting your approach to each employee on your team.

Many organizations today understand that there is a critical link between business results (increased profits and shareholder value) and customer and employee satisfaction. This link is one of the major drivers of the Employer of Choice movement: If your employees are satisfied, your customer satisfaction measure should be high; if your employees are satisfied, productivity and quality should be high. So, it would appear that satisfied employees naturally have a positive impact on business results. But for this positive impact to be realized, frontline leaders must be effective in fostering employee satisfaction.

Frontline leaders play a crucial role in determining how employees perform, feel, and ultimately behave. At a time when organizations are counting on their people to do more with less, in less time, with less supervision, and often (this hurts most of all) for less money, they need workers who not only are satisfied but also fully engaged—not just going through the motions. It follows, then, that depending on their effectiveness at attaining and maintaining employee satisfaction and engagement—characteristics of a high-trust work environment—frontline leaders either are an asset or a hindrance to the organization. Unfortunately, the ability to cultivate employee trust, satisfaction, and engagement is proving more challenging than ever as the workplace becomes increasingly diverse, and work itself more complex. Frontline leaders today need new skills and capabilities to successfully understand what motivates the people on their teams and to promote growth and development for each person.

**KEY PRINCIPLES: TRUST AND INTEGRITY MADE EASY**

Trust builds with effective communication. As stated above, building an environment of trust begins with a better communication skill set. Here is a set of Key Principles for communication to help ensure that interactions between employees and leaders, especially frontline leaders, stay on track:

**Maintain and/or Enhance Self Esteem**—A sure indicator of the state of the working relationship between a leader and an employee is how the employee is made to feel about himself or herself based on the interactions he or she has with the leader. Even when discussing poor performance, a leader can be specific with the facts and steer clear of attacking the individual. This is the right approach to maintaining trust between the employee and the leader.

**Listen and Respond with Empathy**—Leaders with high marks in trust often are called “good listeners.” But what does that really mean? It means that they show they are listening by confirming understanding, checking to be sure they understand. The real trust booster is when the leader can put herself in the “shoes” of the employee and empathize with his or her situation, concerns, or challenges. This does not mean agreement; it means showing that you are really listening.

**Ask for Help and Encourage Involvement**—Showing trust is the best way to receive trust in return. Leaders who don’t try to solve all the problems themselves but instead involve the employee or team show trust. Involvement builds commitment.

**Share Thoughts, Feelings, and Rationale**—This, of all the Key Principles, is the real key to fostering trust in the workplace. When a leader discloses her thoughts, approach, rationale, and especially her feelings, it is a pure gesture of trust. Statements such as, “I took this approach because I was concerned about the customer’s reaction to the
change," or "I am frustrated with the missed deadlines and not sure how we should solve this issue," show genuineness. When employees can get inside the leader’s head, they are more likely to trust that individual.

Provide Support Without Removing Responsibility—Leaders who take responsibility away from employees leave the impression that they have no faith, no trust in their team members. If you provide support but still make sure that the employee carries the responsibility for solving the problem or applying the solution, you convey trust.

Beware! Use of the Key Principles sporadically, inconsistently, or insincerely will make the trust matter worse. By using the Key Principles appropriately, frequently, consistently, and sincerely, your frontline leaders will be assets who can realize trust, employee satisfaction, and engagement. The payoff will be increased quality, productivity, positive results, and more positive results.

CREATING TRUST AMONG TEAM MEMBERS

Many reading this monograph may have been involved in the implementation of teams in the workplace; perhaps some are engaged in such a process right now. If so, they already have discovered the importance of trust to building successful teams. Leaders can foster high levels of trust among teams by encouraging team members to follow six fundamental steps:

1. Maintain one another’s self-esteem.
2. Support and praise one another.
4. Stand up for one another.
5. Avoid gossip or unfair criticism of others.
6. Appreciate one another’s skills and differences.

STEP 1: Maintain one another’s self-esteem.
This Key Principle is essential to gaining trust in any environment; it is especially critical in team situations. Positive, affirming behaviors among team members go a long way toward establishing effective interactions. The result is increased productivity and higher quality of life for team members. Frequently, the concept of maintaining one another’s self-esteem seems so basic that it is easy to forget its importance. Remind team members that they are a valued part of the team process and that they contribute, individually and collectively, to the organization’s “bigger picture” objectives and goals. And, after you’ve reminded team members of their significant contributions, ask them to pass it on to others!

STEP 2: Support and praise one another.
An atmosphere of encouragement always brings results, so team members should be encouraged to give enthusiastic support and praise to others on the team. They should look for ways to coach, guide, and support people; they should ask others for support when facing a challenging task or assignment. By supporting others—and receiving support in return—team members build an interdependence based on mutual trust.

STEP 3: Keep sensitive information confidential.
In any relationship, personal or professional, confidentiality is imperative to building and maintaining trust. Remind team members that when others have entrusted them with confidential information, they must honor that trust. Team members also need to remember that everything they say and do works to build or erode trust; there is no middle ground.

STEP 4: Stand up for one another.
For teams to be successful, each team member must come to an important realization: “I am not the Lone Ranger.” A better credo might be the Three Musketeers’ “All for one and one for all.” In other words, when team members find themselves in a
difficult situation, other members share the responsibility for improving it. Help team members remember to focus on solving the problem, not placing blame. In this way, everyone feels as if they’re on the same side, and trust grows.

**STEP 5: Avoid gossip or unfair criticism of others.**

Lies, exaggeration, gossip, and criticism all destroy an atmosphere of trust. Team members need to remember that because there always are problems, there always are opportunities to criticize someone else. When this happens, of course, trust erodes. Team members should work hard to provide balanced feedback—that is, they should give one another feedback on what they do well and where they can improve, remembering that how something is said is as important as what is said.

**STEP 6: Appreciate one another’s skills and differences.**

Part of a team’s strength lies in the diversity of its members. Team members’ differences in styles, abilities, and motivations add value to the team as a whole. By accepting, encouraging, and supporting such differences, team members accomplish four important goals. They:

1. Improve decision making through seeking and considering diverse views and approaches.
2. Reduce conflict by valuing everyone’s contributions.
3. Boost morale and suppress conflict by accepting and valuing differences.
4. Nurture trust by celebrating the unique perspectives and contributions each team member brings to the workplace.

**WHEN PROMISES ARE BROKEN: REBUILDING TRUST**

Thus far, this monograph has examined the factors that go into building trust in the workplace. But what about regaining trust once it is broken or lost?

In the book *The Leadership Trapeze* (Wellins, Wilson, George, and Byham, 1994), the authors write about a plant manager named Frank who had recently been involved in a team implementation process. A traditional autocrat, Frank ruled by intimidation. He cut off people in mid-sentence and overpowered others by the force of his personality. About a year into the new team start-up, the division Frank managed was hit with a severe cash-flow problem. Frank responded by arbitrarily making decisions that reassigned resources that had been promised to the team. Morale among team members sank. When confronted with the situation, Frank did the unexpected: He called team members together and admitted he had made a mistake. The team’s reaction was positive, and Frank gained important credibility and trust.

McGregor writes: “Trust is a delicate property of human relationships. It is influenced far more by actions than by words. It takes a long time to build, but it can be destroyed very quickly. Even a single action—perhaps misunderstood—can have powerful effects” (1967, p. 163).

While the harmful words or actions might have been unintentional, their negative effects can be long lasting—unless leaders work hard to rebuild trust. First, listening is a must if fences are to be mended and wounds healed. This requires taking the time to hear another point of view without becoming defensive—it also means being willing to make a change. In simple terms, the other person might have a point, but leaders will never know unless they listen. As Frank found out, he had to listen—really listen—before he realized what he needed to do.
Following Frank’s example further: Admit mistakes. While covering the rear might work as a cavalry maneuver, it won’t float in the workplace. A leader must not stonewall or cover up; instead, a leader should call employees or team members together and concede, like Frank did: “I really fell on my butt on this one. I let you down.” The next step is to repair the damage by making amends. Admitting a mistake marks the beginning in regaining credibility and trust, but it only gets an audience. Trust is successfully regained only by taking action to repair relationships.

It is important to note that, in its best sense, restoration does not mean simply giving something back that was taken away. It means returning something in better shape than it was originally. If leaders have lost trust by taking away valued responsibilities, they can regain trust by entrusting people with even more significant responsibilities. They must not only restore—but make things better than they were before.

Building trust takes time and commitment. When trust is lost, it is regained only by a sincere rededication to the key behaviors that earned it in the first place.

THE CHALLENGE FOR TOMORROW

When we began writing this monograph, we could not help but reflect on the current state of leadership and how poorly many leaders have behaved. It would appear that we have gotten lost, following the wrong path. After all, the greater good is a noble cause. In our organization it’s the connection between our workforce and our customers that counts. If that bond is broken, then there is no company. Leaders are the critical linchpin to the success of that bond. If you are a leader today pressured to get results, remember that what you say, what you do, what you mean, and how you are perceived might have the greatest impact on the success of your company. If we can help one leader understand the impact his or her behavior has on the rest of their organization then we have really done something.

The contention of this monograph is that establishing or strengthening trust between employees and leaders might be the most important role of leaders today. Organizations that aren’t characterized by a high degree of trust will not succeed; perhaps they will not even survive.

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