

The Ultimate Advantage: Creating Organisational Trust

Executive Summary

No organisation thinks it's perfect. There's always the need to grow, adapt and reform. The difficulty is in finding solutions, then deciding how to make the changes.

In this paper, I argue the thing most organisations can benefit from is cultivating organisational trust. Trust-centric organisations are effective, innovative and fulfilling places to work. Trust addresses many problems facing modern organisations, including employee disengagement, a lack of agility, and a gap between behaviours and strategy.

Then I outline a way to introduce changes to the organisation's culture. This approach uses proven techniques from the psychological field of learning to create a cultural reform program employees will embrace and adopt.

The Ultimate Advantage: Creating Organisational Trust.....	1
Executive Summary.....	1
Problems Plaguing the Modern Organisation	2
Disengaged Employees	2
Too much change, too fast	2
Strategic disconnection at multiple levels.....	3
Morale problems, retention problems and no sense of community.....	3
Mental health, physical health and productivity	4
How to change and what to change to	4
What is trust?.....	5
The obstacles to organisational change	5
All talk, no action	5
Change fatigue	5
Lack of employee involvement.....	5
Lack of clear communication.....	6
Inability to measure the problem or define success.....	6
Transitioning to a Trust-centric Organisation.....	6
Overcommunication.....	6
Assessment tool	7
Microlearning.....	8
Trickle-down and grassroots initiatives.....	9
How to begin the change	9
References and further reading.....	10

Problems Plaguing the Modern Organisation

Most organisations spend enormous amounts of time, money and energy hiring the right people. According to some recruitment agencies, it takes over two monthsⁱ to fill a vacancy – a number which is rising.

Yet the strength of an organisation doesn't come from taking talented people and putting them in a room. The organisation's culture – the rules, norms and expectations everyone unconsciously knows – plays the larger role. Successful people cannot thrive in a dysfunctional culture, where energy is wasted on needless problems. Conversely, a healthy culture can bring out the best in an underperforming employee.

A clear example of this is Toyota's Fremont plant, also known as NUMMI. By changing the culture and not the frontline employees, they took a shuttered, dysfunctional plant where employee sabotage was common, and turned it into a successful and productive facilityⁱⁱ.

This shows cultural reform is not only possible, it's profitable too.

With so much at stake, correcting an organisation's culture should be a high priority. When the culture is unhealthy, it leads to problems on every level:

Disengaged Employees

As Dr Paul Zak, a leading expert on the neuroscience of trust, once said: all employees are volunteersⁱⁱⁱ. Yes, employees are paid for their time. Even so, they choose to work here, as opposed

to somewhere else. All employees, and especially the more talented ones, have plenty of employment options.

Another perspective is to view the employee-organisation dynamic as a relationship. People enter relationships because there's a benefit to each party. To put it less clinically, they like each other. All relationships go through rough patches, but when things are too difficult for too long, the relationship ends.

But employees can put up with low levels of dissatisfaction for a long time – especially if they don't believe there are better options for them.

Disengaged employees can be a hidden but significant drain on the organisation. They are less innovative and proactive, and more prone to counterproductive behaviours. For organisations with many disgruntled employees, this can jeopardise the entire enterprise.

Engagement cannot generally be created through extrinsic incentives. Higher pay and better benefits can compensate for minor inconveniences, but employees perform at their best when they are intrinsically inspired to do so.

Fully engaged employees are your competitive edge. Not technology, not patents and not customer data. And when your employees are disengaged, none of these other things will help you.

Too much change, too fast

Every organisation and every industry are constantly reinventing themselves. The environment has changed so drastically that it's the only way to survive. Change is

the new normal, at a pace never seen before.

This constant need for reinvention is leaving many employees exhausted, confused and concerned.

You might think the problem here is unsolvable. It's the reality of the new economy, combined with human nature. There's only so much change people can handle... right?

The truth is humans are excellent adaptors. We only struggle with change when we feel powerless, when it seems arbitrary, when it creates uncertainty and when it conflicts with our desires. Engaged employees are excited for change, as it creates new opportunities.

For unhealthy cultures, change is a dirty word because it provokes fear and distrust. Cynical employees believe the change won't help them, will lead to confusion and will add to their workload. But even without the change, these employees often feel confused, unsupported and overworked.

The problem lies with the culture, not the circumstance.

Strategic disconnection at multiple levels

Most hierarchical organisations suffer from communications gaps. There's the classic problem of 'silos', where communications break down between departments. Then there's the barrier between the levels of the hierarchy.

This latter barrier manifests in two ways:

- 1) The organisation's strategic leaders don't understand the unspoken rules and requirements of frontline employees. They

implement strategies that their employees often circumvent.

- 2) Employees don't understand the vision, direction and motivation of strategic leaders. They develop their own informal procedures that senior leaders rarely learn about.

This disconnect undermines an organisation's agility. Senior leaders see a need for change. They create new plans, priorities and procedures. And... the frontline employees keep doing what they've been doing.

Unless the frontline employees trust their leaders' skills, integrity and intentions, they'll resist the change. This leaves the organisation in a state of paralysis, unable to respond strategically to threats and opportunities.

Morale problems, retention problems and no sense of community

Replacing employees is expensive, and not just financially.

All organisations have a culture, but not all have a sense of community.

Communities form over time, as employees learn to open up and trust each other. This process takes time. When employees leave and are replaced, this time resets and the process begins again.

Some organisations cope high turnover. These organisations, such as McDonalds, tend to have predictable, well-defined procedures^{iv}. Any knowledge-based organisation, where procedures evolve constantly, loses expertise with every employee who leaves.

When skilled employees leave, it tends to damage morale for those who stay. The

loss of capability when someone leaves compounds the loss of social connections. When turnover is too high, deep interpersonal connections struggle to form.

For high-trust organisations, these issues are less common. People feel loyal to their peers, their leaders and the organisation. They feel a connection to, even a sense of identity with, their workplace. This encourages employees to stay longer and fix problems, rather than ignore them or leave.

Mental health, physical health and productivity

Since work is such a significant part of an employee's life, the work environment and culture shapes their physical and mental well-being. Organisations with constant high stress conditions and toxic internal politics erode their employees' overall quality of life.

Apart from the human costs of this, this impacts productivity. Stephen Covey talks about the "five cancers" of criticising, complaining, comparing, competing and contending^v. These behaviours, which can easily become entrenched as cultural norms, prevent employees and organisations from performing at the higher levels.

To even survive in the current economy requires exceptional performance. Just as athletes can't perform at their best when stressed, unmotivated and physically unhealthy, knowledge workers require physical and mental health to perform at their best.

A healthy culture is your competitive advantage. Anything else is underutilising the talents your employees have and naturally want to use.

How to change and what to change to

No organisation is perfect and most employees understand the need for change. An organisation's culture needs constant care and investment, otherwise it begins to drift in unpredictable ways.

Identifying the need for change is simple. What's more difficult is identifying:

- What changes need to occur, and
- How to implement these changes.

There is no simple recipe for creating an ideal (or even better) organisation. Each organisation is a unique combination of people, history and context. However, there are strategies that are likely to improve things for most organisations.

Organisations are complex, and so are people. Even so, you can recommend to people to eat well and exercise. If they do this, they are likely to become healthier. What "eat well" and "exercise" mean differs from person to person, even as they follow this general principle.

Likewise, organisations can improve their health by investing in organisational trust. The more employees trust their colleagues, their leaders and the organisation's procedures, the more effective employees they become. Senior leaders also need to trust each other and the employees under them.

When employees trust their leaders and the organisation's processes, the above problems become less severe. Trusted and trusting employees engage more, are more creative and have higher productivity. They are more proactive and more willing to follow direction – when they know their leaders are skilled and caring, they're more likely to listen to

them. Mutual trust creates psychological safety and communities, reinforcing collaboration and innovation.

The research supports this. Organisations with high levels of trust demonstrate overall superior performance^{vi}. It improves organisational stability^{vii}, employee quality of life^{viii}, innovation^{ix}, job satisfaction, group cohesion^x and employee retention^{xi}. This research covers organisations from private enterprise to the public sector, from software to health care.

Trust makes a difference. It makes work satisfying and life worth living. Without it, you're squandering what you can do.

What is trust?

We can think of trust as having three components:

1. The first is intention. We don't trust people unless they demonstrate they have our best interests in mind. As the expression goes, we don't care how much you know until we know how much you care.
2. The second component is competence. You might love your four-year-old son, but you don't trust him. He doesn't have the life skills to look after himself, let alone anyone else.
3. And the third is integrity. It doesn't matter how skilled or loving a compulsive liar, kleptomaniac or stalker is – you still don't trust them.

This provides a roadmap for what a successful organisation looks like – one where trust is freely given and rightfully earned.

We all know that's easier said than done, though. Changing processes is easy; changing a culture is difficult.

The obstacles to organisational change

All talk, no action

The challenge organisations face is one of aligning behaviours to words. After all, Enron's motto was "Respect, Integrity, Communication and Excellence", which proved to be empty words. It's a running gag across the world how phrases like "people are our most important asset" are rarely true.

The same danger lies with transitioning to a trust-centric organisation. If the CEO announces a new way forward based on care, competence and integrity, nothing will change – not without a well-considered and resourced plan.

Change fatigue

As discussed earlier in this paper, employees often resist change. This is especially true when it's time-consuming, confusing, threatening or seemingly arbitrary. Initiatives to change culture often fail at this stage because the culture exists between these same employees.

Lack of employee involvement

Since it's employees who implement cultural change, they need to be involved from the earlier stages. Changes that are imposed from up high signal a lack of trust – an irony that won't be lost on your employees.

The frontline employees know where many of the problems are and probably have great ideas on how to fix them.

Lack of clear communication

In order for an organisation to embrace change, everyone needs to understand:

- Why the change is happening and what the benefits will be,
- How the change is happening and what the strategy is, and
- What is happening moment to moment.

If any of these communication elements break down, the change will not be as thoroughly embraced.

Inability to measure the problem or define success

A significant challenge to any sort of cultural reform is defining and measuring success. It's important to assess the initiative's success at every stage. Otherwise, lessons are difficult to learn and victories are difficult to celebrate.

Certain metrics, like sales, revenue or sick leave, should improve after a successful cultural reform. These metrics are influenced by many variables, however, and often don't paint the full picture. Other factors, such as morale and innovation, are difficult to measure. This can leave employees wondering what the point of all the change was.

Transitioning to a Trust-centric Organisation

Change managers face enormous challenges. Fortunately, there are elements you can use. These don't guarantee success, but they increase your chances. Each strategy element supports and feeds into the others. While you can (and should) adapt these to your context, I don't recommend removing any of them.

Overcommunication

When senior leaders want to lead a change in the culture, their main tool is communication. Weekly updates and monthly town hall-style meetings don't cut it, though. An organisation's culture is firmly entrenched and requires significant energy to change it.

That's where overcommunication comes in. This strategy involves communicating more than you think is necessary. A common cognitive bias is to think you're more understood than you are. Changing the culture requires the organisation to understand the change, as well as consistent messaging to reinforce it.

How often should the senior leaders communicate about the cultural reform? At least every day, especially in the early stages. It takes time and effort to build the momentum.

To emphasise its importance, every senior leader should discuss the cultural reform. This is not a job just for the CEO or the Trust Champion – the best way to show the leaders are aligned is for them to each project the common message.

These communications are, ideally, a mixture of virtual communications (organisation-wide emails, blog posts) and face-to-face communications (town hall-style meetings, small group discussions). Variety is as important as consistency, as the pros and cons of each medium complement each other.

Some people might find this a challenge. It might seem intimidating, finding so many things to talk about. The truth is your employees will want to hear a lot from you. Clear communications dispel uncertainty, which is one of the greatest obstacles to successful change.

Here are some categories for your communications:

- The reasons behind the change and the benefits it will bring.
- How organisational trust will transform the organisation.
- What success looks like for this change. This includes clearly defined targets to meet.
- The strategic vision, including the goals of the cultural reform and how to meet them.
- The personal vision of the senior leaders, including what each hopes to see as a result of this change.
- Personal stories from the senior leaders. This could include small wins they've had or moments in the past where a lack of organisational trust led to disaster. This is a great opportunity for the leaders to demonstrate they are leading by example and embracing the change.
- Any progress made towards the strategic objectives – especially if it led to improvements.
- Tips, tricks and tactics. For example: clarifying changes to policy, pointing out relevant reference materials and describing how to handle conflicts under the new system.
- Acknowledging the struggle. Change is hard and stressful. It always requires employees to do extra work and learn new processes, at least at first. It's important to show understanding.
- Answering questions and addressing concerns as they arise.

An effective communications strategy includes:

- Constant communication: All employees receive regular reminders and opportunities to engage with the cultural reform.
- Consistent communication: No matter where (or from whom) employees hear about the cultural reform, the key messages are the same.
- Core communication: When the senior leaders address the organisation, whatever they say links to the cultural reform. For example, at an awards ceremony, they mention how the recipient exemplifies the principles of organisational trust.
- Creative communication: The message comes through in a variety of ways, not just email. Every event, challenge and victory provide opportunities to drive the cultural reform.

Assessment tool

When measuring culture, qualitative metrics are essential. Numbers only capture so much. The truth of an organisation lies in the opinions, states of mind and behaviours of its employees.

Even so, you can't measure improvements without quantitative data.

I built a simple, self-guided questionnaire based on several different definitions of "organisational trust"^{xii}. The result is 56 questions using a Likert scale to assess, covering these categories:

- Absorption
- Acceptance of group goals
- Acknowledgement
- Autonomy
- Caring, support and training
- Clear priorities and direction

- Commitment
- Competence
- Concern
- Expectations of high performance
- Identification
- Individual support
- Intellectually stimulating work
- Openness
- Psychological Safety
- Quality role models
- Reliability
- Transparency
- Vitality

Administered every 6-12 months, this quiz should identify trends over time for each of these categories. This, when combined with qualitative evidence, demonstrates the success of the cultural reform.

Microlearning

Many of us have had bad experiences with learning and cultural reform.

Attempts to drive change often come in two ways:

The first are face-to-face workshops. Whether or not these workshops are well run, the lessons learned rarely translate to everyday behavioural changes.

The second are long eLearning packages that deliver the information in a single chunk. Again, these rarely lead to changes and struggle to demonstrate a return on investment.

Effective learning programs have the following traits:

- Spaced repetition^{xiii} – repeating the same information again after a delay.
- Interleaved learning^{xiv} – when topics are studied in parallel, learners understand the material

deeper than when studying on topic, then another.

- Just-in-time learning^{xv} – training that covers skills the learner needs in that moment. There is no delay between learning and applying, and no extraneous information is provided.
- Procedural learning, not declarative learning^{xvi} – I remember how to ride a bike, but I don't remember my address from when I learned how. Our brains retain processes and skills using different neural pathways, which seem to retain things longer.
- Builds on the learner's knowledge and experience – rather than treating all learners the same, the training material invites the learner to draw on what they already know.

Employees in high-trust organisations exemplify a range of traits, such as openness and autonomy. To learn these skills, they could receive daily messages (for example, via email) including:

- A brief explanation of the trait,
- A challenge to demonstrate this trait with colleagues today, and
- A simple self-assessment (for example, a rating out of 5) on how they went with the last challenge.

This, combined with simple references and resources, allows employees to learn in their own way, without being so unstructured that most employees ignore it.

Trickle-down and grassroots initiatives

Cultural reform needs to balance two considerations:

The first is the strategic direction of the organisation. Without clear guidance and well-defined objectives, initiatives are difficult to prioritise and the result is chaos.

The second is the opinions of the employees. Without buy-in from those affected by the change, initiatives will fail and the result is the status quo.

Employees need to understand the reasons driving the change. They also need to feel involved from the first moments. These can be difficult to balance. One approach I've seen work well is for senior leaders to describe the problem (so everyone knows why change is essential) and what the ideal organisation looks like (so everyone has a clear vision of success). The leaders then engage with the employees through anonymous surveys, town hall-style meetings, workshops and small focus groups. The aims here are to define the challenges and develop strategies to solve them.

This approach harnesses the creativity (and even the frustration) of your workforce. The role of senior leaders is to aggregate and direct this creativity, while also offering greater organisational trust as a genuine solution. The microlearning I described above will be one component of the cultural reform; the rest will come from your organisation.

How to begin the change

Using the information in this white paper, you could develop your own cultural reform strategy.

Your strategy will include the four elements covered in this paper:

- 1) Overcommunication
- 2) Assessment Tool(s)
- 3) Microlearning
- 4) Trickle-down and grassroots initiatives

Alternatively, you could use the resources I've already developed. Simply reach out to me and I'll provide them under a Creative Commons 0 (CC0) licence. This means you are free to use the materials however you wish, including modifying them. Although it's not required, I would appreciate credit as the author of this content.

The material available for your use includes:

- A simple assessment tool for measuring organisational trust.
- Microlearning content to improve organisational trust gradually over time.

This material, as part of a broader trust initiative, will help your organisation improve and measure that improvement.

You can ask for these resources or talk with me at the following places:

<https://williamtbatten.com/>

<https://linkedin.com/in/battenwilliam/>

You can also learn more by purchasing my book [The Ultimate Advantage: How to Cultivate Organisational Trust](#). In that collection of essays on trust, you'll see exactly what holds your people back and what to do about it. It'll require sacrifices on your part but, with enough trust infused into your culture, your organisation can be the envy of your industry.

References and further reading

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