

# Sustainable Performance Through Workplace Trust

## BUSINESS CASE

*An organizational culture grounded in trust is essential to solid performance.*

- Trust in senior leadership is the #1 driver of employee commitment.<sup>1</sup>
- Employees trusted to use their expertise fully are more likely to stay with their employer.<sup>2</sup>
- Companies with high trust levels have nearly three times the total return to shareholders of their low-trust counterparts.<sup>3</sup>
- Most consumers (82%) say they stop using companies they do not trust, and many tell others of their mistrust.<sup>4</sup>
- In a trusting workplace environment, employees put forth greater effort, take fewer sick days, innovate more frequently, treat customers better, collaborate with associates, and are less likely to leave for other jobs.<sup>5</sup>

*Public trust is at its lowest level* since 1981 according to The Gallup Organization, shaken considerably by scandals such as Enron and WorldCom. Results of several surveys document the current state of concern.

- Nearly half (46%) of the public believes that “Every company does this kind of thing, but only a few more will get caught.” (The American Survey, July 2002)
- Most people (79%) believe that corporate executives take improper actions to help themselves at the expense of the corporation (CNN/USA Today/Gallup Poll, July 2002)
- The majority of investors (77%) have become less trusting of corporate management over the last two years. (Corporate Responsibility and Investor Confidence Survey, Harris Interactive, November 2003)
- Employees doubt the honesty, ethics, and motivations of leadership in corporate America.
  - Only half (51%) believe the leaders of most companies are honest and ethical
  - Less than half (44%) believe they are doing what is best for the employees and only 2/3 (66%) believe that leaders are trying to do what is best for customers
  - An overwhelming majority (91%) believe that people who run most companies are trying to do what is best for themselves  
(Gallup U.S. Employee Engagement Index, 2003)
- A majority of employees surveyed reported observing a high level of illegal or unethical conduct on the job (60%) and more than a third (37%) reported that the observed misconduct was of a serious nature. (KPMG LLP Organizational Integrity Survey 2000)

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### *New Conversations are Needed*

- Employees believe that organizational integrity would be improved by
  - Stronger commitment from top management - 50%
  - More time and resources to perform their jobs - 50%
  - Stronger support for raising questions and concerns internally - 48%
  - Increased communication and training - 46%(KPMG LLP Organizational Integrity Survey 2000)
- The Conference Board Commission on Public Trust and Private Enterprise challenges organizations to “build environments in which employees are encouraged and feel safe to take the initiative to address misconduct rather than waiting until after the damage is done.”<sup>6</sup>
- Jeffrey Seglin, business ethics columnist for the *Sunday New York Times*, goes further to suggest: “The solution to the ethical lapses is not to sit down and write a bang-up code of ethics. That’s merely a good start. But to make those codes work, organizations need to find ways to internalize these codes. They need to pay more attention to building training around case studies, to staging regular conversations among employees and management, to having leaders in the organization model ethical behavior, to exploring different learning processes that give people within the organization the capacity for doing the right thing.”<sup>7</sup>

#### Sources:

<sup>1</sup>Watson Wyatt Worldwide. *Human Capital Index 2000*. Information about the index is available online at [www.watsonwyatt.com](http://www.watsonwyatt.com).

<sup>2</sup>Hay Group, Inc. *The Retention Dilemma: Why Productive Workers Leave – Seven Suggestions for Keeping Them* (working paper). Apr. 2001. Available online at [www.haygroup.com](http://www.haygroup.com) (registration required).

<sup>3</sup>Watson Wyatt Worldwide. *Human Capital Index 2002*. Information about the index is available online at [www.watsonwyatt.com](http://www.watsonwyatt.com).

<sup>4</sup>M. Booth & Associates. *Booth-Harris Trust Monitor*. 2001. Available online at <http://www.mbooth.com>

<sup>5</sup>Reina, D. S., and Reina, M. L. *Trust and Betrayal in the Workplace: Building Effective Relationships in Your Organization*. San Francisco, CA: Berrett-Koehler, 1999.

<sup>6</sup>The Conference Board Commission on Public Trust and Private Enterprise, Executive Summary - Findings and Recommendations, p. 5, 2003. Available online at [www.conference-board.org/knowledge/governCommission.cfm](http://www.conference-board.org/knowledge/governCommission.cfm).

<sup>7</sup>Seglin, J. L. Codes of ethics: why writing one is not enough. Dec. 17, 2001. Available online at <http://www.poynter.org>