Interaction Associates
RETURN ON INVOLVEMENT.™

BUILDING WORKPLACE TRUST

Trends and High Performance

2014/15

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1. Executive Summary

Interaction Associates has been studying workplace trust and its impact on business performance since the great economic downturn of 2009. Our research started in a climate where trust in individual relationships, companies, and entire sectors of the economy was eroding—just think of Madoff, Enron, and Too Big to Fail.

The purpose of the *Building Workplace Trust* survey is to gain insights into the role of collaboration, leadership, and trust in achieving key business outcomes. The study strives to clarify the correlation between trust and both revenue and profit growth; how trust operates in work relationships; and the impact of overall employee engagement in the workplace. Segments investigated include degrees of employee engagement, business priorities, the financial performance of the organizations surveyed, and these organizations' varying trust levels. The survey also explored trust among Leaders, Direct Reports, Virtual and non-Virtual Workers, and Peer Groups.

In our six years of tracking workplace trust, we have established the relationship between financial success—that is, top and bottom line performance—with the level of trust and the leadership behaviors exhibited within the surveyed companies. We've also seen improvement in the past few years, as recovering business performance has been matched by increases in leadership, collaboration, and trust.

About Building Workplace Trust 2014/15

Interaction Associates commissioned IDG Research to conduct a standardized survey from May 28, 2014 to June 23, 2014. The survey received responses from 520 qualified respondents worldwide, who reported they held positions of manager, supervisor, or higher in organizations with at least 100 employees. Complete demographics are in Appendix B.

For the purposes of the *Building Workplace Trust* research, trust is defined as the willingness to accept personal risk based on another person's actions. Using this definition as a baseline, we sought to confirm the link between high levels of trust and superior financial performance.

Trust Leaders Outperform Other Organizations

The findings in *Building Workplace Trust* specifically detail the differences between Trust Leaders and Trust Laggards—with Trust Leaders defined as the elite 10% of companies whose workers agree that the statement, "employees have high trust in leaders and the organization," describes their organization extremely well.

Trust Leaders are more than 2 ½ times more likely than Trust Laggards to also be leaders in revenue growth. What's more, Trust Leaders significantly outperform all other organizations in achieving key business goals—including customer loyalty and retention, competitive market position, ethical behavior and actions, predictable business and financial results, and profit growth.

Trust Leaders outstrip other organizations in the behaviors and actions that foster the right cultural conditions for high trust in organizations. Nearly all of those surveyed who work for Trust leader organizations—96%—say their leaders make decisions that are consistent, predictable, and transparent. Just 29% of non-Trust Leaders report the same for their companies.

1. Executive Summary (continued)

Other behaviors and practices that foster trust—and where there exist double-digit gaps between Trust Leader organizations and non-Leaders—include: People and teams can take risks (i.e. people are "allowed to fail" and learn from their mistakes); people have a shared sense of commitment and responsibility; and, the organization encourages transparency and shared understanding of key processes for decisions and initiatives.

How Employees Trust the Boss—and Their Peers

More than half of those surveyed give their organization low marks for trust and effective leadership. When asked to rate the statement "Employees have a high level of trust in management and the organization," just 4 in 10 agreed that it described their organization well. In addition, fewer than half of those surveyed (45%) agree that the statement "My organization has effective leadership" describes their organization well.

What's more: A little over one-quarter of those surveyed say they trust their boss less this year than last. This is true despite the fact that the global workforce places a high significance on trusting its leaders; 82% of respondents say trusting their boss is essential to their effectiveness in their jobs.

While more than half of those surveyed—54%—report feeling safe communicating their ideas and opinions with colleagues and peers, only 38% of those surveyed say that they feel safe communicating their ideas and opinions with leadership.

Trust, Innovation, and Virtual Work

In our study, most people reported that "trust fosters innovation and investment in new projects." But it also appears that many companies may be facing a "trust gap." This is so because while the majority believe employees feel safe communicating their ideas and opinions with colleagues (54%), a full one-third note employees are unable to take risks (34%). Trust Leader organizations prioritize innovation, while Trust Laggards do not—and Trust Leaders are more likely than Laggards to be innovative (65% vs. 14%).

Virtual Workers—defined as those working virtually more than 3 days a week—have a tendency to rate their company's leadership higher than those working in offices or other co-located work environments. In addition, Virtual Workers choose different leadership behaviors they'd like to see from their bosses to build trust. Virtual Workers want leaders to reveal their thinking about important issues, remind team members of their common purpose, and create clear working agreements. Their number one request, selected by 40% of Virtual Workers, is that leaders convene periodic face-to-face meetings with individuals and teams.

2. Fast Facts: Key Findings

✓ **More than half of employees don't trust their boss.** When asked to consider the statement, "Employees have a high level of trust in management and the organization," just 4 in 10 agreed that it described their organization well. In fact, more than half of those surveyed give their organization low marks for both trust and effective leadership. *See page 7.*

✓ **Employees say trust is critical to being effective in their jobs, but many trust their bosses less this year than last.** Individuals report that a high level of trust in bosses and senior leadership is necessary to be effective in their jobs. However, many trust their bosses and the senior leadership team less than in 2013 - at least 25% report a lower level of trust in these two groups. *See page 7.*

✓ **Employees crave transparency from their leaders, and want input into decisions that affect them.** The top five actions employees urge leaders to employ in order to build trust are: *See page 8.*

- Ask for my input on decisions that affect me.
- Give me background info so I can understand decisions.
- Set me up for success with learning and resources.
- Admit your mistakes.
- Don't punish people for raising issues (Don't shoot the messenger!).

✓ **Trust in Direct Reports is up–and that has an impact on workplace effectiveness.** Individuals state that a high level of trust in Direct Reports is essential to be effective in their jobs. Trust in Direct Reports is up for 23% of respondents over last year's level. *See page 7.*

✓ **Bosses urge Direct Reports to minimize risk to the boss with better upward communication.** According to bosses, the top five steps Direct Reports can take to build trust are: *See page 10.*

- Keep me up-to-date on the status of work not yet completed.
- Ask clarifying questions when I assign tasks.
- Make suggestions about improvements to the company/department/team.
- Admit mistakes promptly.
- Listen and respond to feedback.

✓ **Communication with peers is mostly stress-free, but people don't feel safe communicating with the boss or risking failure on the job.** A majority of workers feel safe communicating their ideas and opinions with colleagues/peers. At the same time, only a little more than one-third of workers say they feel safe communicating with leaders. And just one-third report that employees are willing to take risks, make mistakes and learn from them. *See page 12.*

✓ **Trust Leaders (High-Trust Companies) are 2 ½ times more likely to be High Performing Organizations relative to revenue than are Trust Laggards.** Trust Leaders also are better at profit growth, customer loyalty and retention, competitive market position, demonstrating company values, and achieving predictable business results. *See page 16.*

✓ **Trust Leaders involve employees, and retain employees better as a result.** High-Trust Companies are far more likely than Low-Trust to have highly engaged and involved workforces and better employee retention. In addition, Trust Leaders prioritize talent acquisition and retention more than Trust Laggards do. *See pages 16–17.*

✓ **Trust Leaders prioritize innovation, and are more likely than other companies to be innovative.** What's more, 8 out of 10 employees report that a high level of trust inside an organization fosters both innovation and investment in new projects. Trust Leader organizations prioritize innovation, while Trust Laggards do not—and Trust Leaders are more likely than Laggards to be innovative (65% vs. 14%). *See page 23.*

✓ **Virtual Workers' needs are different than those of other workers. Virtual Workers urge that team leaders do four things in order to build trust:** *See page 26.*

- Reveal thinking about important issues,
- Remind team members of their common purpose,
- Create clear working agreements, and
- Convene periodic face-to-face meetings with individuals and teams.

3. Definitions and Terms

Trust

We define "trust" as the willingness to accept personal risk based on another person's actions.

Organizations–by Performance in Revenue Growth

High Performing Organizations–Revenue (HPRO): Respondents whose organization's change in revenue growth is 5% or more above prior year.

Low Performing Organizations–Revenue (LPRO): Respondents whose organization's change in revenue growth is less than 5% above prior year, flat, or negative.

Organizations–by Performance in Net Profit

High Performing Organizations–Profit (HPPO): Respondents whose organization's change in net profit is 5% or more above prior year.

Low Performing Organizations–Profit (LPPO): Respondents whose organization's change in net profit is less than 5% above prior year, flat, or negative.

Virtual Employees

Virtual Workers–Respondents who spend more than 40% of working hours (3-5 days) working virtually/remotely.

Non-virtual Workers–Respondents who spend less than 40% of working hours (< 3 days) working virtually/remotely.

Trust Leaders, Mid-Level, and Trust Laggards

Trust Leaders–Respondents who answer "describes extremely well" to the statement: Employees have a high level of trust in management and the organization.

Trust Mid-Level–Respondents who answer "describes very or somewhat well" to the statement: Employees have a high level of trust in management and the organization.

Trust Laggards–Respondents who answer "does not describe very well" or "does not describe at all" to the statement: Employees have a high level of trust in management and the organization.

Trust Non-Leaders–All organizations with the exception of Trust Leaders.

Part I. The State of Trust

4. Trust in Leaders and Direct Reports

Key Findings

Trust moves up as well as down the corporate ladder. This year, we sought not only to discover how much people trust their leaders, but how much leaders trust their employees, and, specifically, those who report directly to them.

Most respondents affirm that trust in both their bosses and Direct Reports is essential to be effective in their work. Unfortunately, while 82% of respondents report that a high degree of trust in their bosses is essential to be effective, more than one-fourth (26%) of respondents trust their bosses less today than in 2013.

The Senior Leadership team also took a hit on trust—25% of respondents trust them less. Trust in the Senior Leadership team is seen as essential to effectiveness at one's work by 75% of respondents. See Figure 1.

Direct Reports, on the other hand, are trusted more than last year (23% of respondents trust them more than in 2013). Trust in Direct Reports was cited by 81% of respondents as essential to doing their work effectively.

For more on how leaders can build trust, see Section 5, and for more on how Direct Reports can build trust, see Section 6.

Figure 1

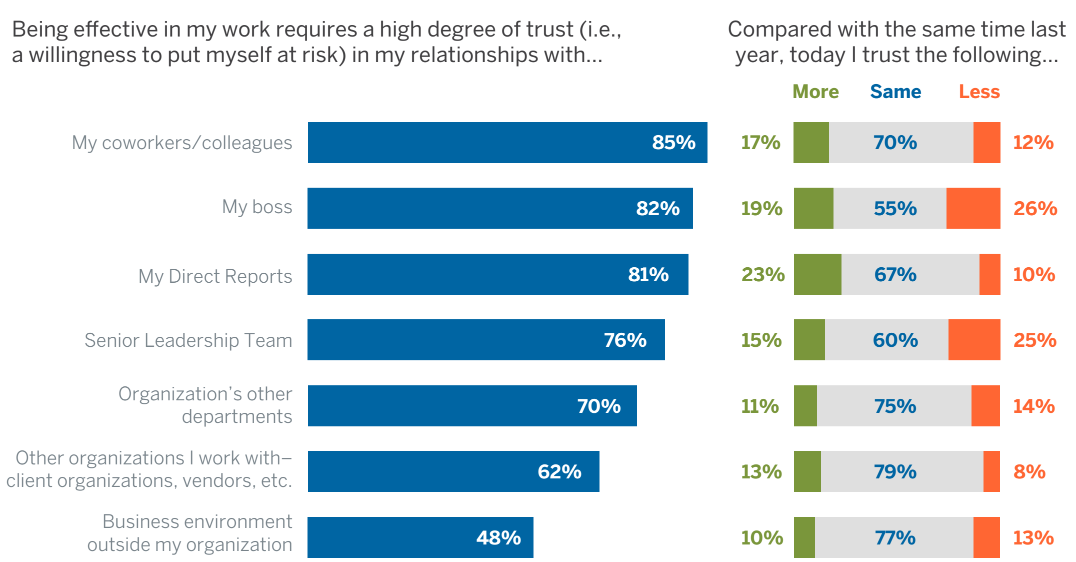
Left:

Please rate your level of agreement with the following statements.

% Strongly Agree and Somewhat Agree

Right:

Compared with the same time last year, today I trust the following more, the same, or less



Insights

Trust continues to be an issue between employees and leaders in organizations. At the same time, trust in Direct Reports rose. A large majority of our survey respondents agree trust is essential to effective work, yet trust up the ladder declined last year. Leaders should be concerned about the eroding of employee trust, and how that may affect organization performance. The next two sections hold insights into how both leaders and Direct Reports can shore up trust levels by taking specific action steps.

5. How Leaders Can Build Trust

Key Findings

Our research gives insight into actions leaders should take to build trust. We asked respondents to pick up to three top priorities from a randomized list of ten trust-building behaviors. A key finding: employees would have increased trust in their leaders if they practiced more transparency in the decision making process. This means leaders should ask for input before making decisions that affect employees, and give context and background so employees can better understand the rationale for the decisions.

The top five actions employees urge leaders to employ in order to build trust are:

1. Ask for my input on decisions that affect me.
2. Give me background info so I can understand decisions.
3. Set me up for success with learning and resources.
4. Admit your mistakes.
5. Don't punish people for raising issues (shoot the messenger).

Virtual Workers, for their part, are more prone than non-Virtual Workers to want leaders to provide an inspiring vision or purpose in order to better build mutual trust. For more details on trust and virtual work, see Section 13.

Figure 2

Ways leaders can build trust.

% choosing each action. Respondents could choose up to three actions.

Ask for my input before you make decisions that affect me	**34%**
Give me the background information to understand decisions	**33%**
Set me up for success by providing tools, resources, and learning opportunities	**27%**
Admit your mistakes	**26%**
Don't punish people for raising issues ("shoot the messenger")	**25%**
Help us work through change	**24%**
Act consistently with the company's values	**24%**
Don't micromanage me	**23%**
Show that you understand my perspective	**23%**
Give me an inspiring shared purpose to work toward	**22%**
Tell me how you're going to make a decision	**14%**
Ask sincere questions	**12%**

5. How Leaders Can Build Trust (continued)

Insights

What does this mean for you? Leaders should consider taking the five essential trust-building steps as outlined in this report and practice transparency in order to bolster trust levels among their employees.

Clearly, a command-and-control decision making style doesn't build trust. Leaders should ask themselves:

1. Who is affected by this decision?
2. How can I communicate my reasoning most effectively?
3. Whom should I involve in the decision making process?

All of the actions we surveyed will contribute to trust. The top five actions were each cited by at least 25% of our respondents, and therefore establish a good starting place to increase trust.

6. How Direct Reports Can Build Trust

Key Findings

For the past five years, our workplace trust research has focused primarily on leaders, and specifically what leadership behaviors build trust with employees. This year, we also considered how to build trust "up" the corporate ladder by asking respondents to identify how Direct Reports could build trust with their supervisors.

What we found: Trust is a two-way street. Respondents state that trust in leaders and trust in Direct Reports are almost equally important to being effective in their jobs.

So, how can Direct Reports build trust? Put simply, leaders and managers say that they would trust Direct Reports more if there was increased upward communication.

We asked respondents to pick up to three top priorities from a randomized list of ten trust-building behaviors. The five top behaviors cited by more than one-quarter of managers surveyed include:

1. Keep me up-to-date on the status of work that is not yet completed.
2. Ask clarifying questions when I assign tasks.
3. Make suggestions about improvements to the company/department/team.
4. Admit mistakes promptly.
5. Listen and respond to feedback.

Interestingly, the behavior that scored the lowest (at just 9%) is "Escalate problems to me; avoid solving them on your own." This data point indicates managers are more inclined to let Direct Reports be autonomous in solving their own issues, while also wishing to be kept informed about those issues.

In summary, transparency is what builds trust in Direct Reports – just as our research indicates that it builds trust in leaders. Put another way, bosses are saying to Direct Reports, "I don't want to be surprised." The most effective way for Direct Reports to build trust with their bosses is to practice stronger communication and behave in ways that mitigate risk for the supervisor.

Keep me up to date on the status of work that is not yet completed	**44%**
Ask clarifying questions when I assign tasks	**39%**
Make suggestions about improvements to the company/department/team	**33%**
Admit mistakes promptly	**33%**
Listen and respond to feedback	**29%**
Avoid escalating problems to me–take care of problems themselves	**24%**
Say "no" to me and express disagreement when applicable	**23%**
Offer to give me feedback	**21%**
Volunteer to complete more assignments	**13%**
Escalate problems to me–avoid addressing problems on their own	**9%**
None	**11%**

Figure 3

Actions Direct Reports Can Take to Improve Trust

% choosing each action. Respondents could choose up to three actions.

6. How Direct Reports Can Build Trust (continued)

Insights

Practice transparency "up" the corporate ladder as well as down, for better business results.

When a Direct Report builds trust with a supervisor, the boss becomes more confident to delegate tasks to the employee. Trust allows the manager to step back from micro-managing and focus on the big picture. In turn, this creates an opportunity for employees to prove themselves, develop self-reliance, learn and grow, and share responsibility for the success of the team and the company. Direct Reports who suffer from micromanagement in their day-to-day work lives can solve this issue by building trust with their managers. In a trusting environment, everyone wins.

Key questions that Direct Reports can use to be more thoughtful and proactive in ways that build trust:

1. What does my manager need to know so that he or she will not be caught off guard?
2. How can I reduce his or her risk?
3. How can I solve this problem–and let my manager know it's been taken care of?
4. If my boss is micromanaging me, why is that so? What are his or her concerns, and how can I alleviate them?

The courage to admit mistakes is a significant factor in building trust, too, as it signals to the boss that problems or issues will not be swept under the rug, only to cause unwelcome surprises later on. It's also important to note that 91% of managers don't want problems escalated for them to solve.

7. The Employee Safety Gap

A noteworthy Trust "Safety Gap" surfaced in our 2014 findings that could be significantly—and silently—affecting individual, team, and company performance at many organizations.

A majority of respondents (54%) report that they feel safe communicating their ideas and opinions with colleagues/peers. But just 38% of workers say they feel safe communicating with their leaders. At the same time, more than one-third of respondents (34%) say that employees are unwilling to take risks and are unable, therefore, to make mistakes and learn from them. See Figure 4.

We infer this "safety gap" indicates that people in organizations feel they can speak frankly with colleagues and peers. However, they don't appear to have the confidence or feel safe enough to take risky actions.

This data points to a difference between employees' speech and actions that can have an impact on the performance of the business. It may demonstrate that employees have a high level of comfort with colleagues and peers that does not extend to their bosses.

Figure 4

Thinking about the level of trust within your organization, to what degree do the following statements describe your company?

% answering Extremely/Very Well.

Insights

Leaders must take action to ensure their employees feel comfortable taking reasonable business risks. One place to start is for leaders to model the desired behavior by demonstrating openness and candid communication. And, leaders should take care not to "shoot the messenger" when employees extend themselves to share concerns or bad news. Employees must feel safe giving leaders complete, reliable information, for the good of the organization.

One of the hallmarks of great leaders is their willingness to "get real" about their business situation by unflinchingly confronting the facts, no matter how unpleasant. Unfortunately, the reality is that strict hierarchies and unwritten cultural rules in organizations often make it difficult for employees to give leaders important information. It's in the best interests of both the leader and the organization to foster candor in their employees.

8. Why We Trust

Key Findings

According to our research, people trust each other on the job based on any one of three primary reasons:

- consistency, predictability, and quality of people's work and actions;
- confidence that they are focused on achieving shared goals;
- expectations associated with a person's role in the organization.

Organizations that place considerably more weight on these three elements are more likely to be High Performing Organizations with regard to profit (HPPOs) (see definition on page 5).

Trust based on consistency, predictability, and quality of people's work and actions is slightly more prevalent than trust based on the other factors we surveyed. Our research also found that trusting others based on expectations about their roles in the organization continues to be less of a factor.

Figure 5

Basis of Trust within Organization

% Reporting Describes Extremely/Very Well

Note: Respondents were able to choose any or all of these bases.

Insights

At its foundation, trust must be earned through individual exchanges and behaviors—it does not come with a job title or seniority in an organization. Earning trust requires consistency, predictability, and transparency. The difference in the prevalence of trust-building behaviors and practices between Trust Leaders and all other organizations is stark. This gap reinforces that trust is affected by what we do—leadership behaviors—and can be systematically constructed through focused, deliberate leadership practices.

Part II. The Impact of Trust

9. Trust and Performance

Key Findings

This research is not just about Trust as a theory or a "nice-to-have." We explore the important connections between Trust and Business Performance, specifically by looking at performance through two lenses:

- How well companies grew their top and bottom lines
- How well companies achieved their business goals

For purposes of this research, we look at organizational performance by revenue growth and by profit growth.

We define a **High Performing Organization (HPRO)** Revenue as an organization with a change in revenue growth of 5% or more above last year.

In a **Low Performing Organization (LPRO) Revenue,** the change in revenue growth is less than 5% above prior year, or revenues are flat or negative compared to the prior year.

Roughly 25% of our respondents are HPRO companies.

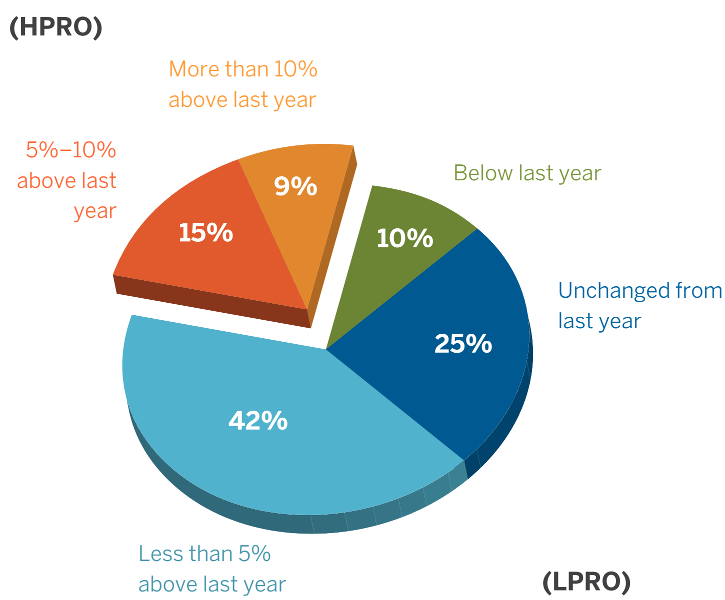
We define a **High Performing Organization (HPPO) Profit** as an organization whose change in net profit is 5% or more above last year.

We define a **Low Performing Organization (LPPO) Profit** as a company where the organization's change in net profit is less than 5% above prior year, or flat, or negative compared to the prior year.

About 21%, or one-fifth, of our respondents are HPPO companies.

Figure 6

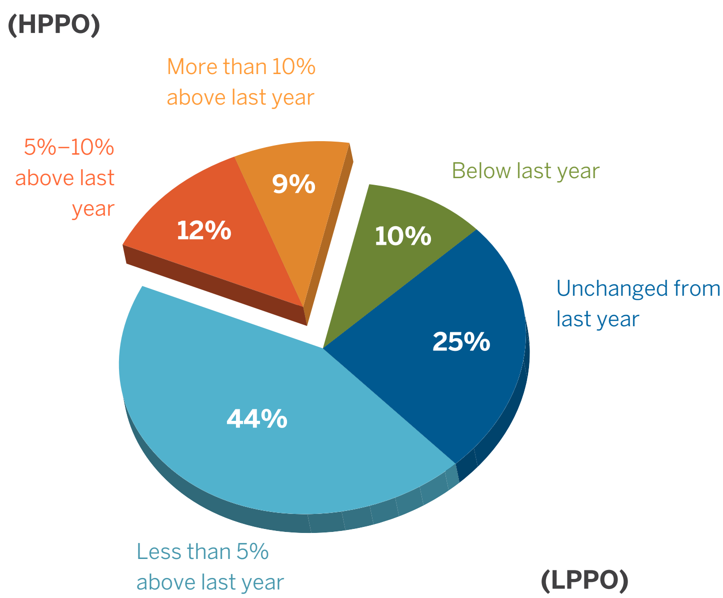
Revenue Growth Rate compared to prior year



9. Trust and Performance (continued)

Figure 7

Profit Growth Rate compared to prior year



Our research demonstrates that High Performing Revenue Organizations (HPROs) enjoy high levels of trust with their employees. In fact, **Trust Leaders are more than 2 ½ times more likely to be HPROs** than are Trust Laggards.

Put another way, HPROs are over-represented among Trust Leaders (see definition on page 5)–accounting for 40% of the Trust Leader group. Conversely, HPROs were only 15% of our Trust Laggard group.

As one might expect, of those who perform well in revenue growth (HPROs), 69% are high-performing regarding profit (HPPOs). At the same time, of those companies that underperform in revenue growth (LPROs), 94% also perform poorly in profit growth (are LPPOs).

In addition to enjoying better revenue growth, Trust Leaders are better at achieving many other business goals than are their low-trust counterparts.

These goals include:

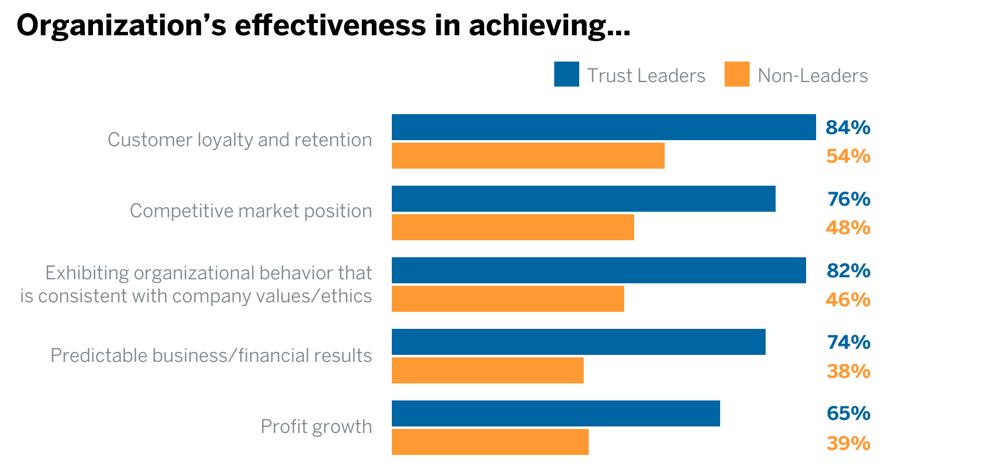
- customer loyalty and retention
- competitive market position
- behaving in a way that's consistent with company values
- achieving predictable business results
- profit growth

9. Trust and Performance (continued)

Figure 8

How effective is your organization in achieving each of the following business outcomes?

% reporting Extremely/Very Effective



It comes down to this: Strong levels of Trust drive strong performance and more consistent success. When employees have a high level of trust in management and the organization, the company as a whole becomes significantly better at achieving business goals.

Insights

The business case for trust is fairly straightforward—and has grown stronger in the six years we have been tracking trust. While it's true that correlation does not prove causation, our research has consistently demonstrated that trust and performance move together.

The consistency with which HPROs outperform LPROs across all dimensions of trust, collaborative leadership, and collaborative work practices makes a compelling case for companies to focus on these three areas. Organizations that are actively investing in leadership development and fostering trust and collaboration can expect to reap big financial rewards.

10. Trust Builds Employee Involvement and Profit

Key Findings

The legendary management expert, author, and academic, Peter Drucker, famously said that culture eats strategy for lunch. And the impact of organizational culture on company performance is deep and pervasive. Employee engagement, of course, is key to developing a strong company culture. Building and reinforcing cultures that go beyond engagement to involvement creates conditions for shared responsibility for success and retention of key employees.

Looking at employee engagement as a continuum, the range of employee attitudes and behaviors can be divided into four categories—

- Disengaged: jobs are viewed as a paycheck.
- Passively Engaged: merely satisfied; good place to work.
- Engaged: employees are highly engaged in jobs.
- Involved: employees are actively involved and share responsibility for success.

This continuum is detailed in Figure 9 on the next page.

Involved employees are defined as individuals who go beyond highly-engaged behaviors to be actively involved in and share responsibility for the organization's success. In addition, these involved employees report that their managers provide meaningful opportunities for employees to give input and/or participate in decisions that affect them. Just 12% of organizations we surveyed have employees that are actively involved and share responsibility for the organization's success.

As we discovered over the last two years, High Profit Growth Organizations (HPPOs) are more likely to have high involvement cultures. Conversely, Low Profit Growth Organizations (LPPOs) are more likely to have disengaged or merely passively engaged cultures.

Almost 60% of HPPOs experience engaged and involved cultures vs. 38% of LPPOs. Over the past two years, the representation of involved cultures has been 2 to 3 times higher in HPPOs than in LPPOs.

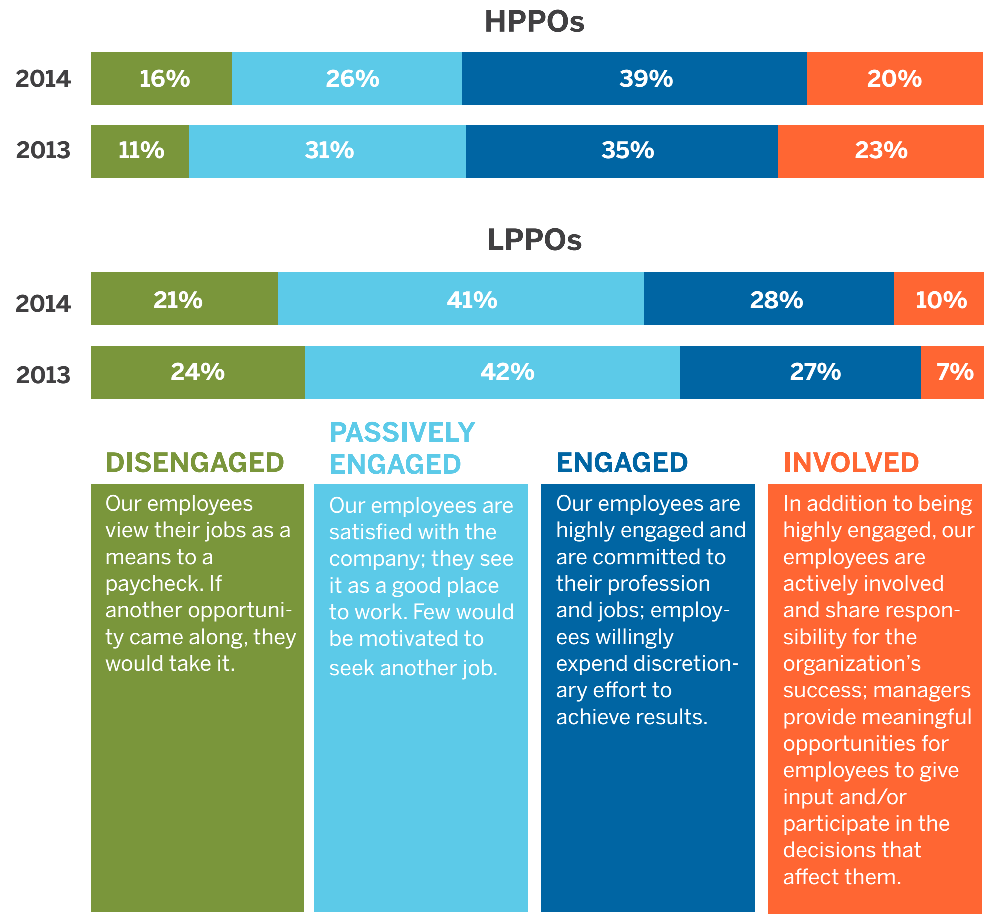
On a worrisome note, more than one-third of the employees of both HPPO and LPPO organizations are passively engaged or disengaged. But it's worse for LPPO companies: Passively Engaged and Disengaged cultures account for nearly 62% of LPPO employees, compared to 66% in 2013.

10. Trust Builds Employee Involvement and Profit (continued)

Figure 9

Employee satisfaction and engagement.

Respondents chose category best describing their organizations.

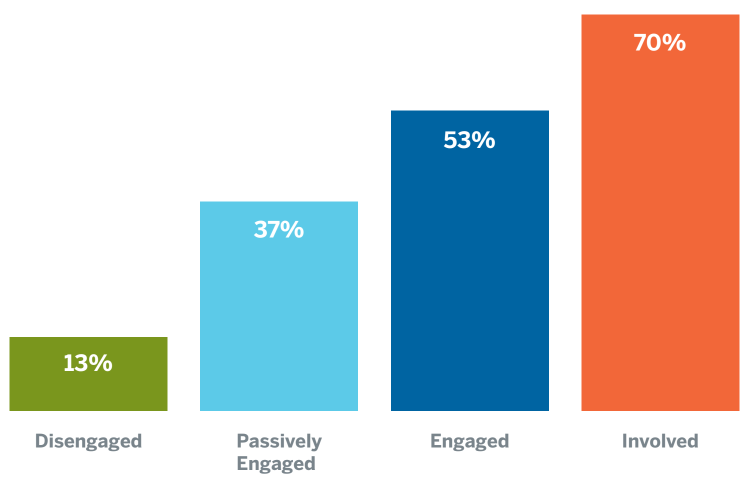


When respondents report high numbers of Engaged and Involved employees at their organizations, it means the company is much more likely to effectively retain key employees (60%) than those that report a Disengaged workforce (7%) or even a Passively Engaged workforce (40%).

Figure 10

Employee Retention vs, Engagment

% reporting describes organization is Extremely/ Very Effective at Retention.



10. Trust Builds Employee Involvement and Profit (continued)

Insights

Leadership behaviors and actions that deepen trust also drive profit growth, foster greater employee engagement, and even better, grow employee involvement. What's more, trust helps to reduce unwanted employee turnover and strengthens organizations' ability to retain key employees, which is growing more important with the record rush to retirement of Baby Boomers. Organizations that wish to retain key employees and get better organizational performance should look to trust as a likely driver for these outcomes.

"Throughout my career, I've found that the leaders that I trusted the most and whom I felt trusted me the most were those that communicated up, down and across the organization; who actively solicited feedback and provided it in a non-judgmental way; who were visible, accessible and approachable; who were the best of role models; who 'knew' their employees; and who had a sense of humor– in short, they were 'human.'"

~Anonymous respondent

11. Trust, Leadership and Collaboration: Keystones of Success

Key Findings

Making the case for highly effective leadership, productive collaboration, and environments of trust seems obvious. But these are not the norm, according to our 2014 research findings. In fact, fewer than half of our companies said they did extremely well or very well in any of those areas – let alone all of them together.

Positive sentiment around leadership, collaboration and trust has steadily grown in each of the past three years as companies have climbed out of the recession. Yet, as we found in our research in previous surveys, there is plenty of room for improvement in these areas.

Fewer than half of respondents believe the descriptors "strong leadership, high levels of trust, and effective collaboration" fit their organizations "very or extremely well."

Figure 11

Describes my organization.

% reporting describes Extremely/ Very Well

	% Extremely/ Very Well	Describes extremely well	Describes very well	Describes somewhat well	Does not describe well	Does not describe at all
My organization has effective leadership	45%	13%	32%	34%	17%	4%
My organization is highly collaborative	43%	15%	28%	38%	15%	4%
Employees have a high level of trust in management and the organization	42%	10%	32%	31%	22%	5%

On the plus side, a majority of respondents (79%, 81%, and 73%, respectively) say these descriptions describe their companies at least "somewhat well."

Trust Leaders and HPRO's (see definitions page 5) demonstrate higher levels of leadership, collaboration, and trust–all three elements working together across the organization–than do LPROs.

A whopping 96% of respondents who work for Trust Leaders report their companies' leaders make decisions that are consistent, predictable, and transparent. In other companies, that particular leadership quality ranks dismally; it is the second-to-lowest scoring leadership factor for non-Trust Leaders at 29%.

The very lowest-scoring leadership behavior in non-Trust Leaders is allowing people and teams to take risks, fail and learn from their mistakes (only 28% of non-Trust Leaders agreed). Yet this is a positive factor for 85% of Trust Leaders.

The three largest gaps between Trust Leaders and others are:

1. Leadership is consistent, predictable and transparent in their decisions and actions.
2. People and teams can take risks (i.e. people are "allowed to fail" and learn from their mistakes).
3. People in the organization share the rationale for their opinions.

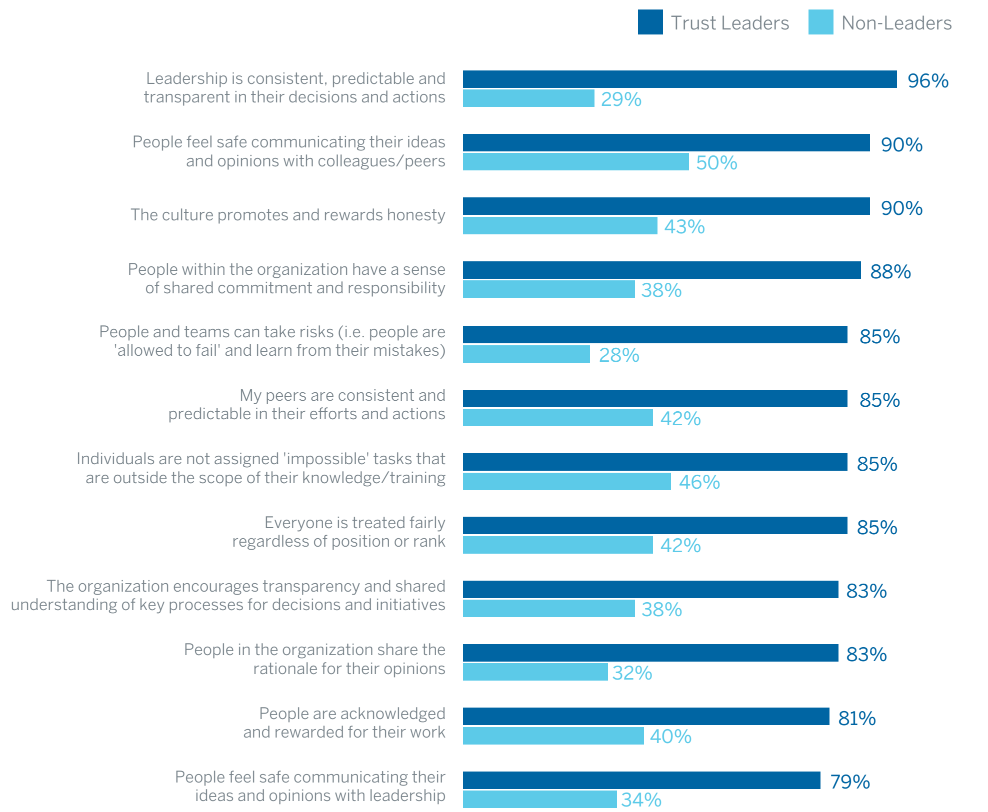


Figure 12

Thinking about the level of trust within your organization, to what degree do the following statements describe your company?

% reporting describes Extremely/ Very Well

In fact, fewer than half of all respondents working in non-Trust Leaders answered "yes" to any Trust category except "people feel safe communicating their ideas and opinions with colleagues/peers," to which half agreed.

Insights

Most organizations have an opportunity for true competitive advantage at the intersection of trust, leadership, and collaboration. In fact, organizations that regularly win distinction as the best places to work are usually highly regarded for great leadership, a trusting work environment, and strong performance.

The majority of Trust Leaders allow their employees to take risks—a major differentiator for high-trust organizations. While half of respondents in non-Trust Leader organizations say they feel safe communicating with peers, fewer than half of respondents answer affirmatively to other trust-related questions.

The key question is—how would your company measure up across the three dimensions of trust, leadership, and collaboration?

There's little doubt that focused efforts and development in all three typically yields strong performance and enables organizations to attract and retain employees.

12. Trust Drives Innovation

Key Findings

Our definition of trust is the willingness to put yourself at risk based on another person's actions. And this year, we looked to explore the connection between innovation and trust – with the understanding that innovation itself involves a great deal of risk-taking.

Of all our respondents, 35% consider themselves "innovative." However, if we compare Trust Leaders with other companies, it becomes obvious that levels of workplace trust impact innovation.

Indeed, some 65% of respondents in Trust Leader organizations characterize their organizations as innovative, compared to just 31% of Trust Mid-Level organizations and 14% of Trust Laggards.

What's more, innovation is valued differently by Trust Laggards, who consistently rated innovation among the lowest (bottom three) priorities of their organizations.

Figure 13

How effective is your organization in achieving Innovation?

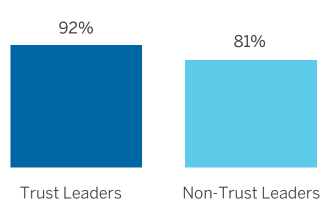
% reporting Extremely/Very Effective

Our data shows additional evidence of how trust fosters and drives innovation: of our respondents, 8 out of 10 report that "a high level of trust in others fosters innovation and investment in new projects." Trust Leaders are more likely than non-Trust Leaders to agree with that notion.

Figure 14

A high level of trust in others fosters innovation and investment in new projects.

% reporting Strongly/ Somewhat Agree



Lastly, Trust Leaders support risk-taking in much bigger numbers compared to Trust Laggards (85% vs. 28%). (See Figure 12, on page 22)

This suggests that organizational support for risk-taking is necessary to create a positive environment for innovation to flourish.

12. Trust Drives Innovation (continued)

Insights

As innovation deepens as an important strategic pivot for many organizations, our data points to the role that building trust plays in helping companies become more innovative.

Trust and innovation go hand-in-hand; high levels of trust help set the right conditions for innovation in organizations. This is likely because trust allows for risk-taking and improves collaboration—both crucial requirements for departing from the status quo, exploring new opportunities, and aligning organizational resources behind the development and implementation of those new opportunities. When trust is lacking, so is the impetus and the feeling of safety necessary to be able to try new things.

13. Trust and Virtual Workers

Key Findings

Virtual work arrangements are now more ubiquitous in business, and organizations everywhere are exploring how to make them work most productively. At most organizations, some employees work remotely for part or all of the time, aided by technology and tools that enable remote work across the globe.

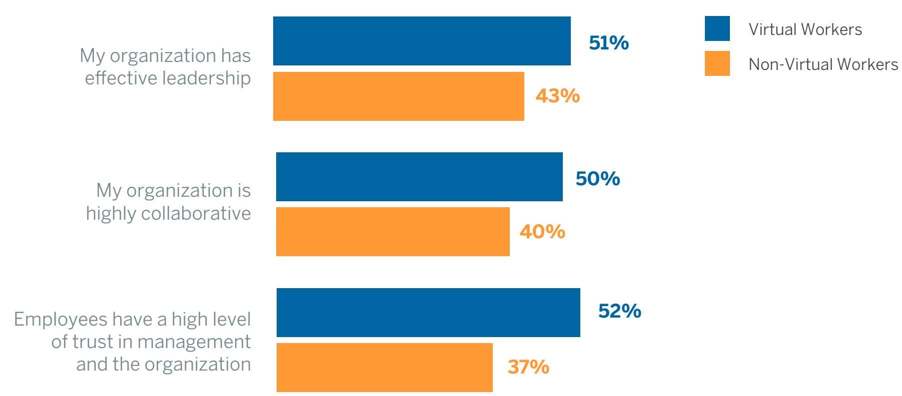
With roughly seven out of ten employees working up to two days per week remotely—and nearly three out of ten employees working remotely three or more days each week on average—the nature of the workplace and how we interact is constantly changing and evolving. With this in mind we sought to measure how virtual work is affecting trust and employee perceptions around leadership and collaboration.

Virtual Workers (those working remotely three or more days per week) tend to report a significantly higher level of trust in their organizations than their non-virtual peers, more often noting that "Employees have a high level of trust in management and the organization" (52% Virtual Workers vs. 37% non-Virtual Workers).

Figure 15

Describes my Organization… Virtual versus Non-Virtual

% Reporting Describes Extremely/ Very Well



Additionally, Virtual Workers more often rate their organization as having highly effective leadership (51% vs. 43% of non-Virtual Workers) and a collaborative work environment (50% vs. 40% of non-Virtual Workers).

Virtual Workers tend to rank their organization higher than Non-Virtual Workers on most leadership capabilities, as well as on many areas related to collaboration. More specifically, Virtual Workers more often note that leaders:

1. Effectively communicate the mission, vision and strategy of the organization
2. Demonstrate a commitment to the development of employees
3. Support people who think outside the norm, experiment, and take risks
4. Delegate effectively

This suggests that among other things, these are key attributes to successfully managing a virtual work force.

13. Trust and Virtual Workers (continued)

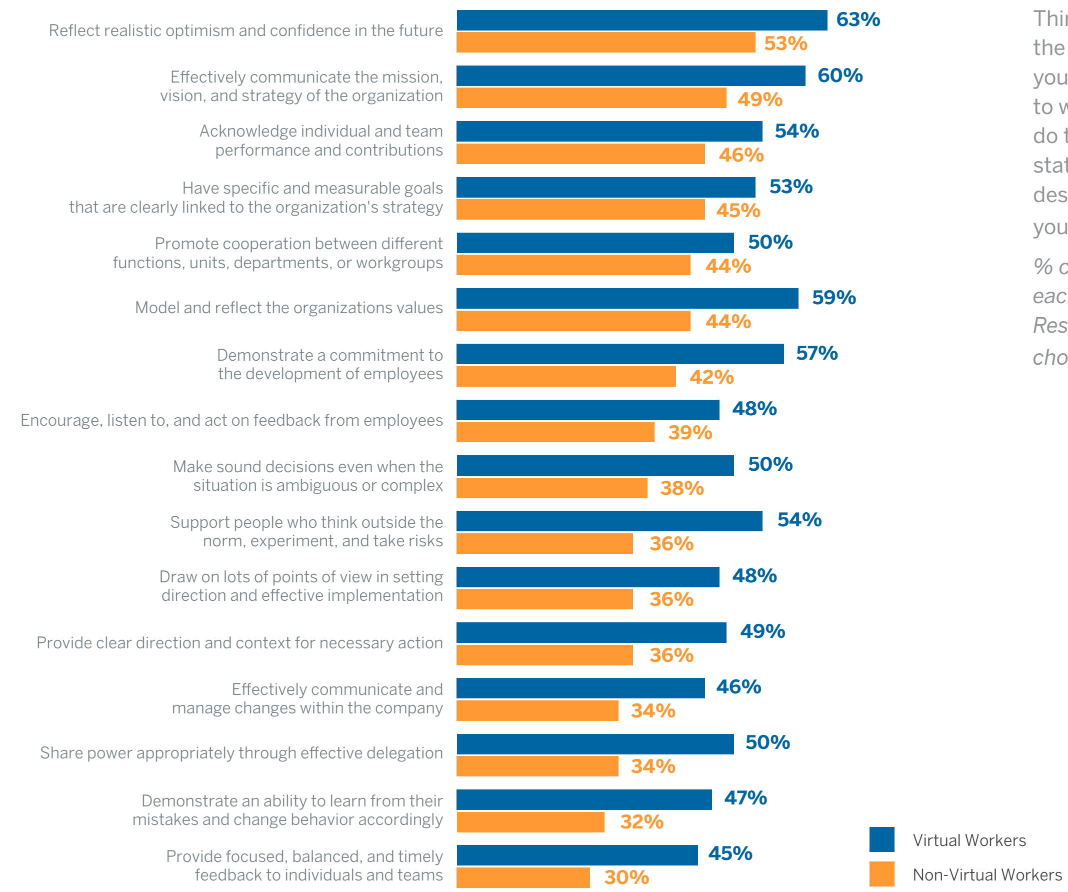


Figure 16

Thinking about the leadership in your organization, to what degree do the following statements describe leaders at your company?

% choosing each action. Respondents could choose up to three.

Interestingly, Virtual Workers and non-Virtual Workers gave different answers when asked what leadership behaviors would build trust for virtual employees. Virtual Workers are more likely to urge that team leaders do the following three things in order to build trust on their teams:

1. Reveal thinking about important issues,
2. Remind team member of their common purpose, and
3. Create clear working agreements.

And the number one way for leaders to build trust, cited by 40% of Virtual Workers, is to convene periodic face-to-face meetings with individuals and teams.

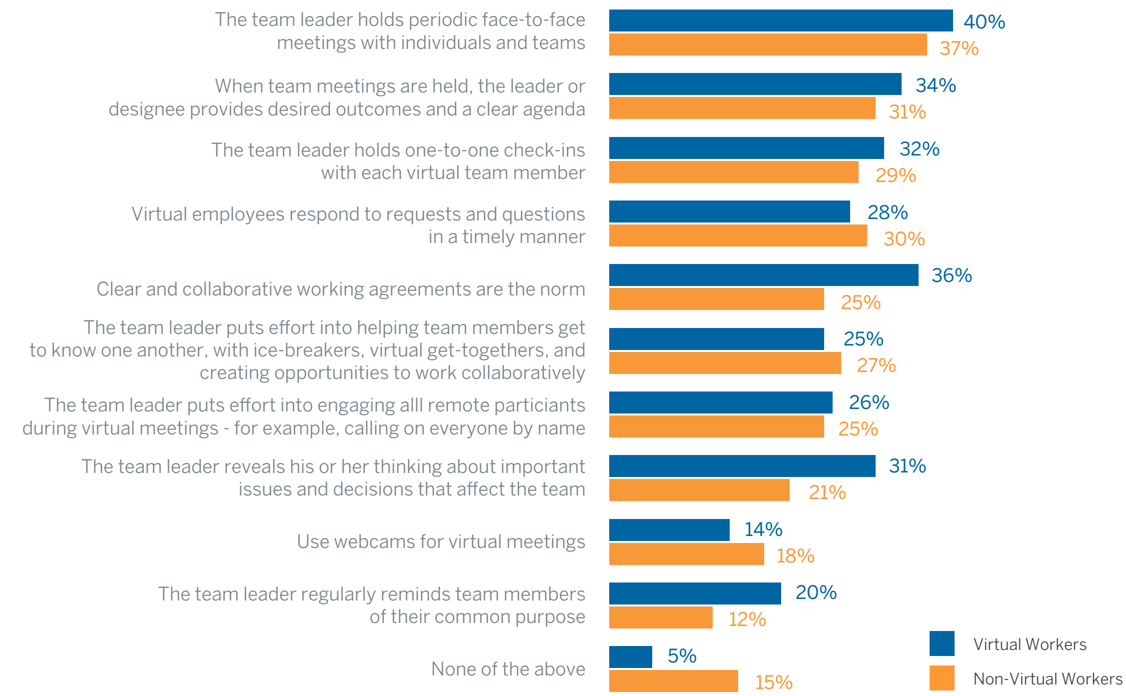
"Trust has to be earned, developed, and cultivated. It cannot be 'required' or demanded."

~Anonymous respondent

Figure 17

Actions that would improve trust when working with virtual employees.

% choosing each action. Respondents could choose up to three.



Insights

Perhaps surprisingly, Virtual Workers demonstrate fairly high levels of trust in their organizations, and score their organizations higher in effective leadership and collaboration than non-Virtual Workers. So leaders apparently are doing a good job in engaging Virtual Workers.

To be even more effective, leaders should place a premium on fostering transparency, establishing a shared purpose, and creating and communicating explicit working agreements (which increases predictability), according to Virtual Workers. This is not surprising, as these leadership practices are central to building trust, no matter where employees are located.

Virtual Workers state in no uncertain terms that in order to foster trust, leaders should plan to hold periodic face-to-face meetings. This practice was cited by Virtual Workers as the number one way for leaders to build trust.

APPENDICES

I. Appendix A: About the Author

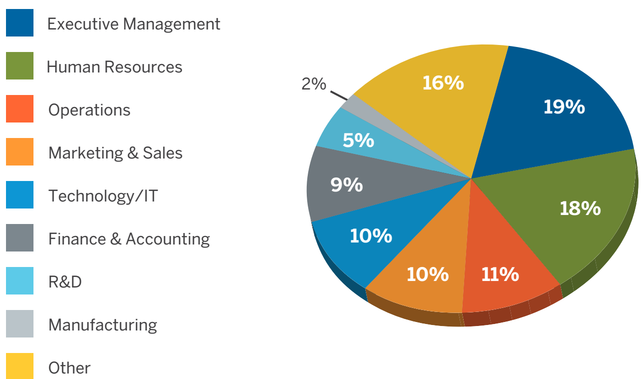
Andy Atkins currently serves as the Chief Innovation Officer of Interaction Associates, and brings 30 years of experience in management and education to his work with clients. Prior to joining Interaction Associates, he served as a leadership and organization development and human resources executive with Bank of America, Fleet Bank, and Genuity. Previously, Mr. Atkins led human resources organizations and change efforts at Arthur D. Little, Fidelity Investments, and Mercer Management Consulting. He has worked with organizations internationally in industries including financial services, chemicals and pharmaceuticals, transportation, manufacturing, publishing, and education, and has published articles on change management, quality, and human resources strategy.

Mr. Atkins has been an adjunct professor at Babson College in Wellesley, MA, where he taught the MBA course in Leading and Managing Change. He earned his MBA from Columbia University where he was a Goldman Sachs Fellow, and has an MA from the State University of New York at Stony Brook and a BA from Hofstra University, where he was elected to Phi Beta Kappa.

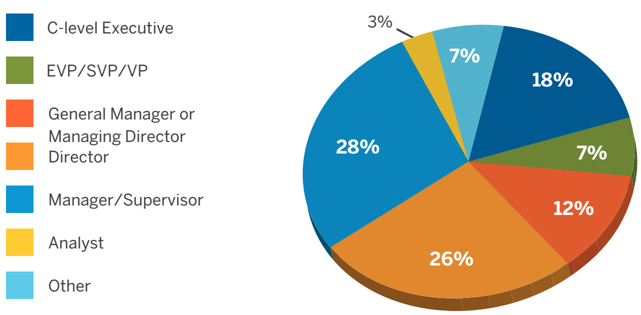
His published articles on human resources, organization development, and quality have appeared in several publications including Rotman. Trust Across America named Andy to its list of top 100 Trust Thought Leaders.

II. Appendix B: Demographics

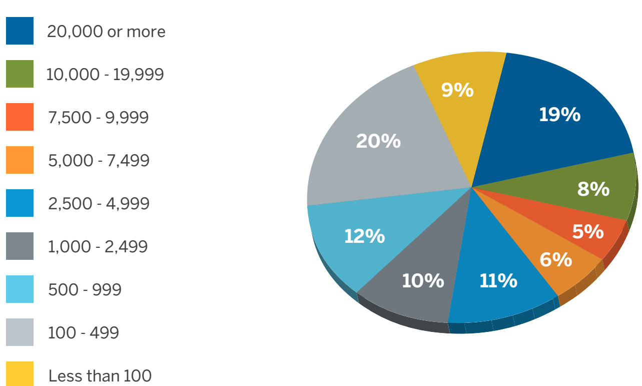
% by Job Function



% by Job Title

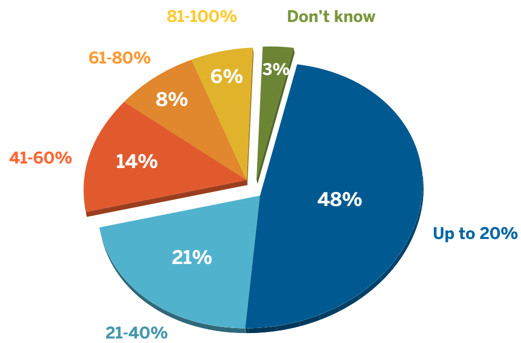


Company Size

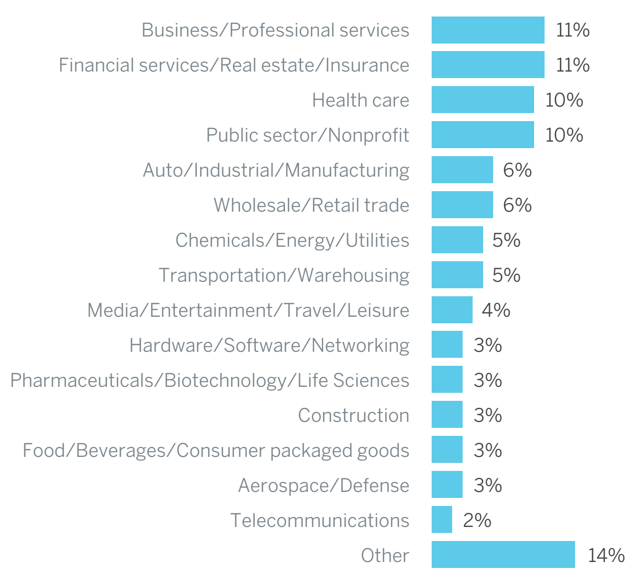


II. Appendix B: Demographics (continued)

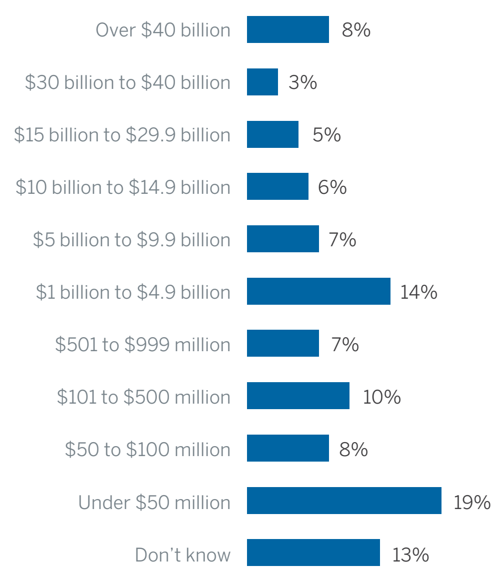
% Working Hours Spent Working Virtually/Remote



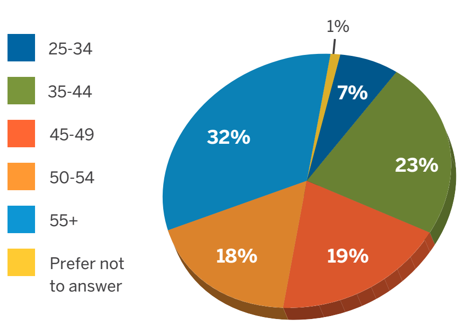
Industry



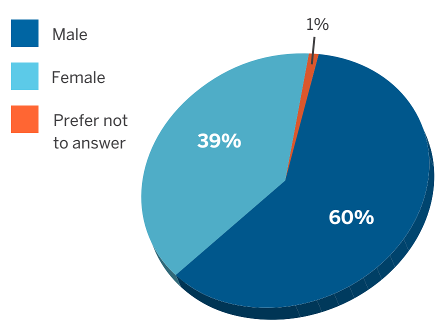
Annual Gross Sales/Revenue



Age

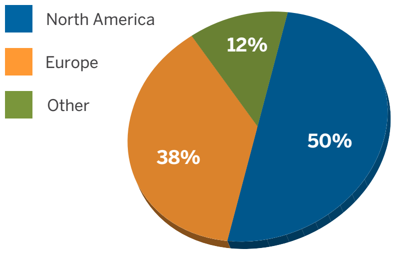


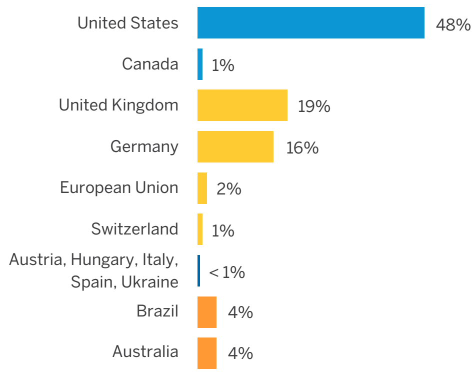
Gender



II. Appendix B: Demographics (continued)

Country of Work





Less than 1%
China, Democratic Republic of the Congo, India, Oman, South Africa, Antigua and Barbuda, Armenia, Barbados, Fiji, Indonesia, Ireland, Japan, Jersey, New Zealand, Papua New Guinea, Singapore, Taiwan