

Trust in Action

Amy Lyman, Director Corporate Research
Great Place to Work®



The benefits that come to companies in which leaders, managers and employees experience high levels of mutual trust are significant, and have just received further confirmation of their value from the recently released 2009 Edelman Trust Barometer report.

At the Great Place to Work® Institute we've been tracking levels of employee trust in management for over 25 years and have always believed that higher levels of trust bring greater rewards. The evidence that fuels this belief comes in the form of employee comments about their loyalty and commitment to the organization, and in the cooperative spirit with which all people in great organizations work together and support each other. The financial returns (see www.greatplacetowork.com/great/graphs.php) of the 100 Best Companies as a group have also affirmed that over time, high trust organizations are more successful than their lower trust peers – even when those lower trust companies are known to provide good products and services to consumers.

Further evidence, collected through the administration of our Trust Index® employee survey and Culture Audit® assessment of an organization's policies, practices and values, affirms that employees who trust their leaders also look forward to going to work, are willing to help each other out, and are proud to tell people about where they work.

Employees trust their leaders when they act in ways that convey their credibility, show respect, and insure fairness in the implementation of policies and practices. The behaviors of leaders create trust. These same behaviors are visible to the public through leaders' public appearances, and also become well known to people through employees' word of mouth interactions with customers, colleagues, friends and family.

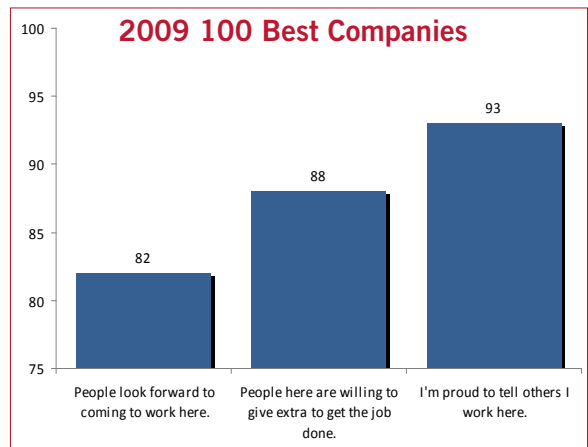
The impact of trustworthy behavior

According to the 2009 Edelman Trust Barometer report, consumers' behavior is significantly affected by their perceptions of the trustworthiness of a business.

In their most recent survey Edelman reports that, "In the past year, 91% of 25-to-64-year-olds around the world indicated they bought a product or service from a company they trusted, and 77% refused to buy a product or service from a distrusted company."

And, one of the most significant ways in which consumers determine whether or not a company is trustworthy is by how the company treats its employees. When consumers were asked: "When you think of good and responsible companies, how important is each of the following factors to the overall reputation of the company?" the option receiving the second highest acknowledgment of importance is the factor "Is a company that treats its employees well", with 93% of respondents indicating that this is important to them. This is a stunning affirmation of the impact that creating a great workplace culture can have on the reputation of a company.

In a further response to the question about actions taken relative to the level of trust one has in a company, seventy-six percent of Edelman survey respondents indicate that they have recommended a company they trust to a friend or colleague, and seventy-two percent indicate that they have criticized a company they distrust to a friend or colleague. Word of mouth recommendations are often cited as one of the most powerful referral sources used by customers and potential customers for determining whether to patronize a particular organization.



Numbers represent % of employees responding positively to each statement

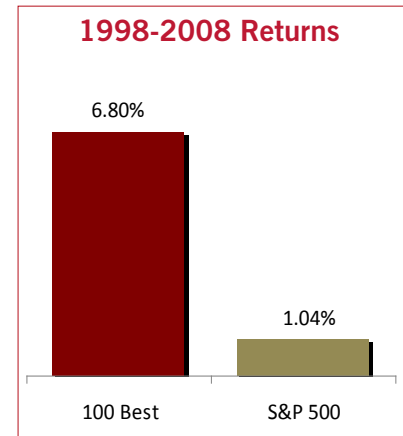
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Financial performance of the 100 Best Companies

The publicly traded 100 Best Companies have consistently shown that as a group of organizations, their long term financial performance is superior to that of comparable groups of companies – whether it is the Dow Jones, the S&P 500, the Russell 3000, or our own internal comparison index of the Lower 100 group of companies. The 100 Best perform better in strong economic times, lose less in weak economic times, and recover faster to pursue new opportunities during times of renewal.

Why is this? In these Best Companies, employees believe their leaders, leaders respect their employees, and the workplaces are set up to insure that fairness is in practice every day. This creates a culture in which the natural instinct of people to cooperate with each other is broadened beyond an immediate small group of close friends and kin to include the wider group of employees, managers and leaders throughout the organization. Trust makes broader levels of cooperation possible.

financial returns consistently show that high trust organizations are more successful



Employees are also more committed to leaders whom they trust. They are more likely to contribute their ideas, experiment with new ways of resolving dilemmas, address customer concerns, and follow leaders into uncharted territory – because they trust their leaders and find them to be credible.

The most impressive thing I find about the company is the open door culture. I can approach any other engineer with technical issues, product marketing with new ideas and anyone in management with any questions. This company is unique in my experience for avoiding the politics and empire building typical in growing companies this size and fostering an environment where cooperation is the expected and actual norm.

Trust thus gives leaders the ability to focus more on leading rather than spending time trying to control people, put out fires or respond to crisis brought about by unethical behavior. Leaders set the direction for the organization in a collaborative environment permeated with mutual trust and employees, who have often been involved in the process of developing implementation strategies, are willing to follow. This is the virtuous circle that some people say is beyond reach. Yet the 100 Best Companies have been living in this virtuous circle for years.

How do you get there?

Creating a high trust organization is not easy, yet neither is it so difficult to justify abandoning the goal. Leaders in Best Companies regularly share information with their employees about the state of the organization, and they provide straight-forward answers to employees questions. In our most recent employee survey (the data used for the 2009 Best Companies list selection process) 82% of the over twenty-six thousand employees from the 100 Best Companies who responded to the survey said that often or almost always management keeps them informed of the important issues affecting the organization, and 81% said they can get straight answers to their questions. This is compelling evidence that a great place to start on the journey to becoming a great company with a high-trust culture is by sharing information and answering questions.

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Employees at the Best Companies also believe that their managers and leaders are competent at running the business – eighty-nine percent of them indicated that this is true in their organizations. How do they know that

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their leaders are so competent? It could be because they have a chance to interact with them, to hear from them about the state of the business, and they get straight answers to their questions – the start of the virtuous circle.

Throughout the organization people are incredibly hard working and professional. No one person takes credit for things it truly is a team effort. This creates a tremendous amount of pride in our organization, which makes us all excited and proud to work for the firm.

Honesty and integrity are also right up there as qualities that employees are able to assess in their leaders. Among the Best, ninety percent of employees indicate that managers and leaders are honest and ethical in their business practices. Ninety Percent! This is far different from the perception registered by the respondents to the Edelman Trust Barometer in which only 17% of respondents aged 35-64 believed that information was credible when it came from the CEO of a company.

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The way to 'get there', to create a great workplace, is to be honest with your employees, treat them with respect, and insure fairness throughout the organization. No company is perfect and there are ups and downs among the Best Companies just the same as with any other organization. Yet the 100 Best Companies provide a wonderful positive marker for what can be accomplished when leaders focus on leading in the truest sense of the word.

Any Company Can Create a Great Workplace

Our Mission is to Help Them Do It

Great Place to Work® Institute, Inc. has conducted pioneering research on the characteristics of great workplaces for over 25 years. We believe all companies can become great places to work, and our mission is to help them succeed. Our Great Place to Work® Model® is recognized as the standard for assessing great workplaces. In 40 countries around the world, we are proud to:

- **Recognize the Best Companies** for their achievements through our international Best Companies lists. In the U.S., these lists include Fortune's 100 Best Companies to Work For®, as well as the "Best Small & Medium Companies to Work for in America" published in collaboration with SHRM.
- **Help companies create and sustain great workplace cultures** through our consulting services. Our data collection tools (employee survey, focus groups, 360° professional development tool) educational workshops and training programs, action planning system, and strategic advising services all support the transformation process within any organization. The Institute's unique access to Best Companies' data allows us to offer unparalleled benchmarking opportunities, best practice information, and transformation insight to our consulting clients.
- **Share resources, best practices, and Institute research** through our education services. These include peer networking groups, workshops, conferences, and publications which enable organization leaders to learn directly from each other, as well as benefit from our wealth of knowledge and lessons learned from the Best Companies and our clients.

For more information, please contact us:

Great Place to Work® Institute Ireland

Discovery House,
Feltrim Road,
Swords,
Co.Dublin
Ireland
Tel: +353 1 890 9510
Fax: +353 1 840 8296

info@greatplacetowork.ie
www.greatplacetowork.ie

Additional Resources

- Keep up to date on the current Best Workplaces in Ireland in our annual supplement to the Irish Independent published every February
- Nominate your company to be on the Best Workplaces in Ireland list by visiting www.greatplacetowork.ie/best/nom-form.php
- Consulting Services: We believe passionately that any organization of any size or industry can become a great workplace. Great Place to Work® Institute, Inc. consulting services are based on 25 years of researching Best Companies, and our in-depth knowledge of how companies transform can help you achieve higher levels of productivity and profit. Through our assessment, action planning, and advisory services, we can help you to measure, benchmark, and positively impact employees' experiences of your organization.