



# THE BUSINESS CASE FOR A HIGH-TRUST CULTURE

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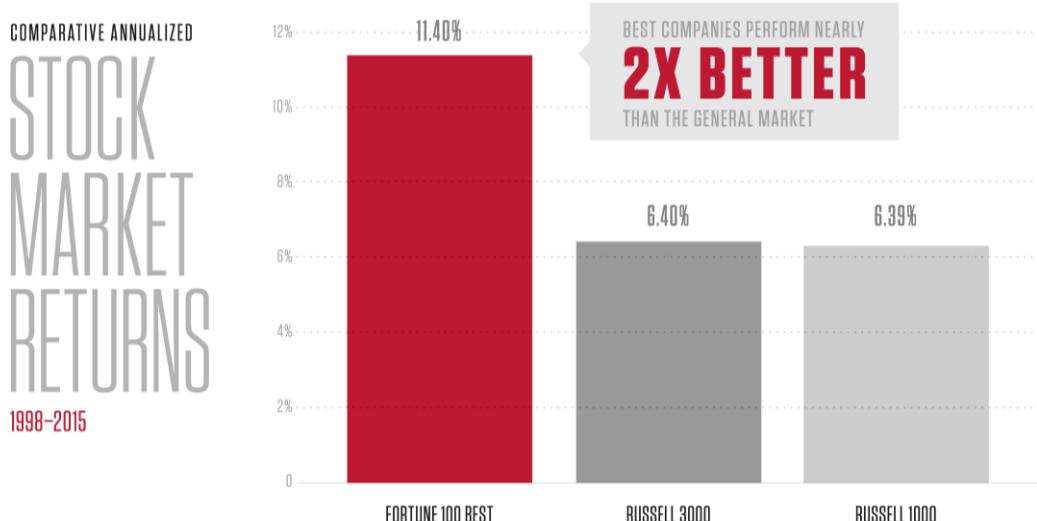
## 1. Executive Summary

### Success and a High-Trust Culture

There is a strong connection between a high-trust culture and business success. In fact, the connection is so strong that it can reasonably be argued that strategy-minded leaders, who care deeply about the financial well-being of their business, should make building a high-trust culture a top priority.

For more than 30 years, Great Place to Work® has studied the relationship between a high-trust culture and a company's overall success and we've identified several compelling business outcomes. Companies with trust-based cultures typically enjoy:

- Stock market returns approximately two to three times greater than the market average
- Turnover rates that are approximately 50 percent lower than industry competitors
- Increased levels of innovation, customer and patient satisfaction, employee engagement, organizational agility, and more.



Source: FTSE Russell

### A Common Denominator

Regardless of industry, company size, or leadership styles, a high-trust culture is a defining characteristic of every company that wins a coveted spot on the *Fortune* 100 Best Companies to Work For® list that we have produced each year since 1998 with our publishing partner, *Fortune*. These are companies that consistently outperform their competitors and the rest of the market. They define what it means to be great, and these companies ensure everyone in the C-suite knows how to foster a high-trust culture—which fuels the organization's continued success.

## Demystifying High-Trust

So what is a high-trust culture? It is a workplace where trust-based relationships are highly valued. In our 30 years of research, we have found that employees experience high levels of trust in the workplace when they:

- Believe leaders are **credible** (i.e., competent, communicative, honest)
- Believe they are treated with **respect** as people and professionals
- Believe the workplace is fundamentally **fair**

Initially, trusting workplace relationships are built and nurtured between leaders and employees. However, a trust-based approach also has a notable impact on customers, suppliers, investors, and the community at large.

We live in an increasingly competitive global marketplace, where the proliferation of technology and social media has fostered a sea of superficial connections. But people are human. They long for genuine connection, belonging and meaningful relationships with people and institutions they trust. The companies that nurture a culture of high-trust are the ones that will move beyond surviving to thriving in the 21st century.

## 2. The Link Between Great CEOs and Trust

### **What Top CEOs Know: The Increasing Relevance of a High-Trust Culture**

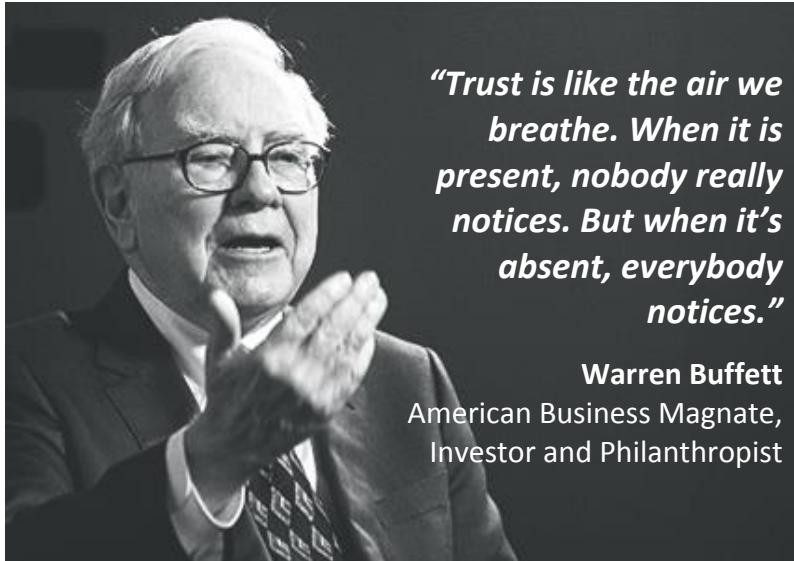
More and more CEOs are coming to understand that high levels of trust are essential to the success of their business. Below, we'll take a brief look at some findings from recent studies and examine a few top companies that are shaking up the business landscape by engaging in trust-centric best practices that are netting big results.

#### **Open to Greater Performance**

In 2012, IBM conducted a study of over 1,700 CEOs from 64 countries and 18 industries.<sup>1</sup> One of the major findings of this study is that companies that outperform their peers are 30 percent more likely to identify openness as a key influence on their organization. Unlike the more traditional command-and-control ethos of the last century, today's successful CEOs are intentionally incorporating openness, transparency and employee empowerment into their workplace cultures. It's a move that is changing the nature of the modern workforce.

#### **Warren Buffett Believes Trust Is a Smart Instinct**

Warren Buffett's company, Berkshire Hathaway, is the fifth-largest company in the United States, with \$162.5 billion in annual revenue and over 300,000 employees worldwide. It's also a company that has no general counsel and no human resources department. The reason? Leaders at Berkshire Hathaway view trust as a core component of their business strategy.



University of Zurich professors, Margit Osterloh and Bruno S. Frey, conducted a study of Berkshire Hathaway's trust-based approach that found the company's faith in employees to be a smart strategy. The professors concluded that opting to place more monitors and controls on managers (instead of simply trusting them) creates a governance structure for misbehavior and reinforces selfish extrinsic motivation.<sup>2</sup>

"Instead of filling your ranks with lawyers and compliance people, hire people that you actually trust and let them do their job. By the standards of the rest of the world, we overtrust. So far it has worked very well for us," said Charlie Munger, Vice Chairman of Berkshire Hathaway.

### **Trust Fuels JetBlue's Success**

JetBlue Chairman Joel Peterson is another voice in the growing choir of business leaders putting their faith in trust. In 2016, Peterson published a book titled *The 10 Laws of Trust: Building the Bonds that Make a Business Great*.

"Why trust?" Peterson writes, "Because it works, most of the time. Not only do people accomplish more in a collaborative spirit when seeking win-win outcomes than when setting up the paraphernalia of paranoia, but they're simply much happier when dealing in a world of harmony and cooperation."<sup>3</sup>

### **Google and the Importance of Being Trustworthy**

Google is one of the most successful organizations of our time. It has the fourth-highest market capitalization in the world and has been named by Great Place to Work® and *Fortune Magazine* as the #1 workplace in the U.S. for seven years and counting, and is also recognized by Great Place to Work® as the world's best workplace. While people often attribute Google's workplace success to lavish perks, Google's leaders cite high levels of trust as the reason they succeed where others have failed.

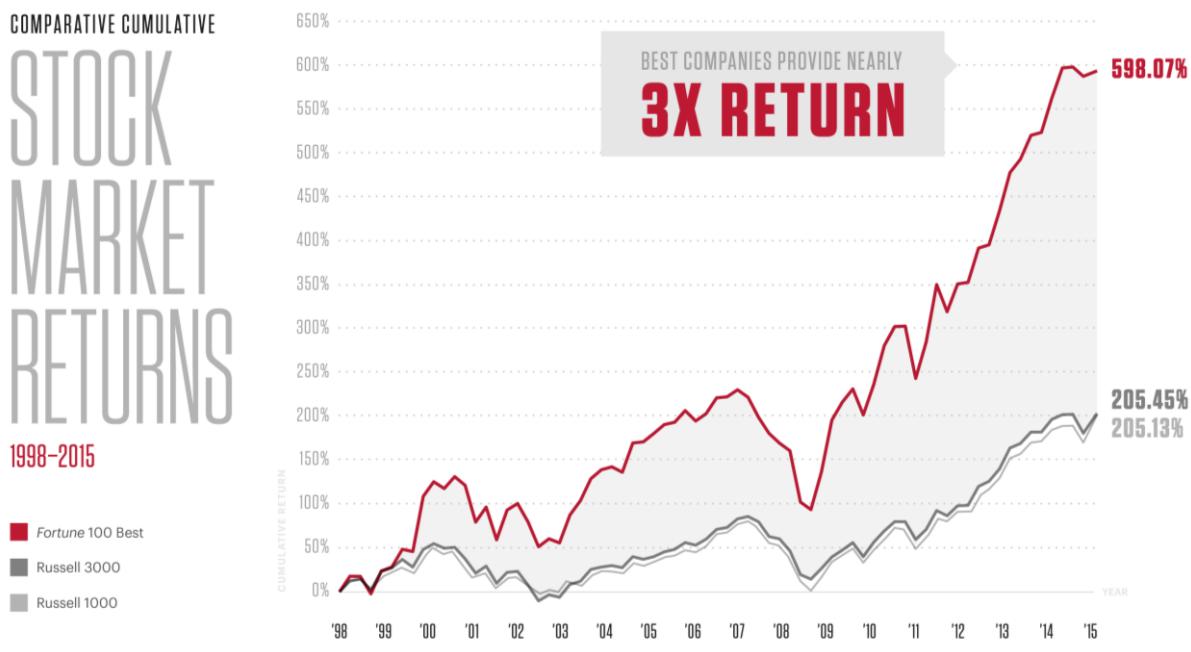
"We wouldn't survive if people didn't trust us," said Sergey Brin, Co-Founder and CEO of Google. "Obviously everyone wants to be successful, but I want to be looked back on as being very innovative, very trusted and ethical and ultimately making a big difference in the world."<sup>4,5</sup>



### 3. The Link Between Trust and the Bottom Line

#### Placing Stock in a High-Trust Culture

Each year, FTSE Russell conducts independent research that analyzes the cumulative stock market returns of publicly-traded *Fortune* 100 Best Companies to Work For. Here is what they discovered: if you invested in the publicly-traded companies featured on the 100 Best Companies to Work For® list, and each year divested stock in the companies that were no longer on the list and invested in companies added to the list, your returns would be nearly three times that of the general market.



Source: FTSE Russell

#### Around the World, Companies with High-Trust Cultures Deliver Stronger Results

As stated earlier, all companies that make the Best Workplaces list (whether in this country or others) have one key element in common: high-trust cultures. Great Place to Work® global research shows that both in the U.S. and internationally, these trust-based cultures lead to impressive performance records.

For example, a portfolio of India's Best Workplaces outperformed India stock market indices by a factor of nearly four during a recent five-year period (2009-2013). And, Danish Best Workplaces have experienced roughly 1/3 the turnover of Danish companies overall (9% compared to 25%), positioning them for heightened success against their competitors.

### Betting on High-Trust Cultures for the Win

Parnassus Investments began the “Parnassus Endeavor Fund”, which is a portfolio that has beaten the market by four percent every year since its inception in 2005. Companies included in this portfolio are required to offer outstanding workplaces, so it’s no surprise that many of the companies in the fund are also recognized on the *Fortune* 100 Best Companies to Work For® list.

The graph below depicts the steady rise of the Parnassus Endeavor Fund.<sup>6</sup> It’s important to note that its post-2008 performance shows that a high-trust work culture is essential to a company’s success following a market downturn.



### The Greater the Trust, The Greater the Performance

In 2014 and 2015, Interaction Associates conducted a study that found that High Performing Revenue Organizations (HPROs) enjoy high levels of trust with their employees.<sup>7</sup> In fact, companies defined as “Trust Leaders” are *2 ½ times more likely* to be HPROs than those that are not. In addition to better revenue growth, Trust Leaders are better at achieving many other business goals than their low-trust counterparts, including:

- Building customer loyalty and retention
- Maintaining a competitive market position
- Aligning behavior with company values
- Achieving consistent business results
- Increasing profits

### The Economic Relevance of Trust

A 2013 study led by Luigi Guiso, of the Einaudi Institute for Economics and Finance & CEPR,<sup>8</sup> of nearly 700 companies that completed the Great Place to Work® Trust Index® Survey found that in companies where employees reported that their leaders act with integrity (an essential component of a high-trust culture), a number of competitive advantages emerged, including:

- Higher productivity
- Increased profitability
- Better industrial relations
- Greater attraction of top job applicants

It is important to note that a one standard deviation increase in employees' belief that their leaders act with integrity was associated with:

- An increase in Tobin's Q (the ratio between an asset's market and replacement value)
- Increased profitability
- Decreased percentage of unionized workers

Another 2013 study came to similar conclusions. The research, by Herbert Nold, Professor of Business Administration at Polk State College in Winter Haven, Florida, examined 28 publicly-traded great workplaces identified by Great Place to Work® and compared them to a matched set of industry peers.<sup>9</sup> Nold found that the great workplaces achieved superior results over a period of several years in:

- Operating income per employee
- Operating margin
- Growth rate
- Return on assets
- Tobin's Q

"The results of this study provide empirical data suggesting that firms that successfully cultivate cultures that are strong in fairness, credibility, respect (collectively trust), pride, and camaraderie significantly outperform comparable firms in several key areas; value, operating effectiveness, and growth," Nold wrote.

To explain the success of high-trust cultures, Nold pointed to the way these workplaces enable collaboration and knowledge sharing. He noted that many companies invest heavily in leadership, technology and systems—such as business software tools and lean management methods—that should facilitate knowledge sharing. But these initiatives require a climate of trust to truly facilitate access to stored knowledge and improve organizational performance.

Finally, in a series of Best Workplaces lists produced by Great Place to Work that feature company rankings relative to others in the same industry, Great Place to Work has consistently found that companies with the highest levels of trust outperform industry peers on metrics including employee cooperation, productivity, retention and growth.

- **Best Workplaces in Professional Services:** In a study of eighty-eight companies in the consulting and professional services arena, the 20 Best Workplaces in the field—those with the highest levels of trust, pride and camaraderie—enjoyed higher levels of cooperation, loyalty and employee willingness to go the extra mile. These top twenty companies were also growing at a faster clip than their peers.<sup>10</sup>
- **Best Workplaces in Health Care:** Research into 51 health care organizations discovered that the 20 Best Workplaces in the industry reported 15% job growth, compared to 10.7% for non-winning companies. In addition, the Best Workplaces in Health Care had just 8.6% annual voluntary turnover for full-time employees, compared to 14.4% for the industry overall.<sup>11</sup>
- **Best Workplaces in Financial Services:** A study of 77 Financial Services and Insurance companies found that turnover at the Best Workplaces in the field was 8 percent, roughly half the rate among all financial companies considered in the ranking.<sup>12</sup>

### Which Came First: Trust or Performance?

In 2015, Alex Edmans, a Professor of Finance at the London Business School gave a TEDx Talk<sup>13</sup> on the findings from his four-year research project<sup>14</sup> that sought to understand the link between employee well-being and financial performance. Edmans wanted to know if investing in the well-being of employees led to greater performance, or if employee well-being was simply the by-product of high-performance companies that had more money to invest in employees.

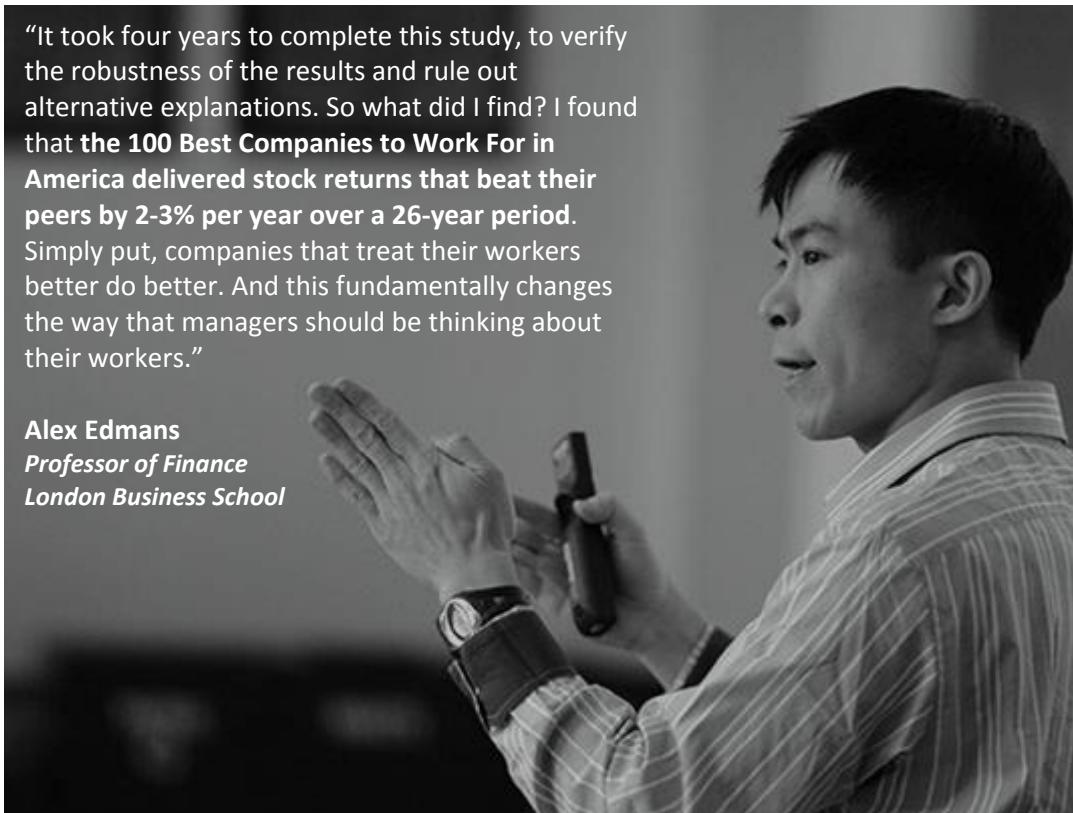
To answer his question, Edmans investigated both quantitative and qualitative data gathered from Great Place to Work's Best Company list data, dating back to 1984. In order to know whether good stock returns were a result of employee well-being, he isolated employee well-being and controlled for factors such as industry, size, growth opportunities, past returns, and many other variables. Over the course of four years, he ran a host of further tests, which are detailed in his study, that demonstrated that indeed, it was employee well-being that *led to* positive financial performance, rather than the other way around.

In his TEDx Talk, Edmans shared that in this study, he found: "The 100 Best Companies to Work For in America delivered stock returns that beat their peers by two to three percent per year over a 26-year period. Simply put: companies that treat their workers better do better. And this fundamentally changes the way that managers should be thinking about their workers."

"It took four years to complete this study, to verify the robustness of the results and rule out alternative explanations. So what did I find? I found that **the 100 Best Companies to Work For in America delivered stock returns that beat their peers by 2-3% per year over a 26-year period.**

Simply put, companies that treat their workers better do better. And this fundamentally changes the way that managers should be thinking about their workers."

**Alex Edmans**  
*Professor of Finance  
London Business School*



### **Trust, a Proven Competitive Advantage**

As Edmans discovered, the Great Place to Work® Trust Index® is an invaluable metric for guiding investment decisions. It also empowers companies to assess the level of trust in their culture, and plan improvements that will result in greater financial performance.

## 4. The Link Between Trust and Innovation

### The Dawn of a New Era

We live in an age where consumers and clients have the power to compare products and services instantly. Thus, an organization's ability to remain competitive depends largely on its ability to innovate. Innovation has become so critical to future success that the Nomura Institute, a global IT research firm, declared that the Information Age is over and the Creative Era has begun<sup>15</sup>. In this new era, speed of innovation is seen as the only sustainable advantage a company has. So how can you ensure your employees and company remain innovative? In part, by fostering a culture of trust.

### Trust—Not Fear—Inspires Productivity and Innovation

In Stanford University's Research Report for May 2015,<sup>16</sup> Emma Seppala, a Stanford psychologist, stated that promoting a culture of trust, rather than fear, encourages collaboration and builds a creative workplace. If employees are afraid of being punished, they are far less likely to take chances, and risk is essential to innovation.

The report went on to reveal that the impact of a trustworthy manager is visible in an employee's brain, where innovation begins. A neuroimaging study showed that when employees thought about managers they trust it activated brain areas that correspond to positive emotions. The report also found that trusting employees perform better and are more productive, which is critical to nurturing innovation.



In short, Seppala's research found that employees are drawn to managers they can trust, and her recommendation based on the findings was that managers make being trustworthy a priority.

### Trusted Behaviors of Great Companies

In the 2011 Harvard Business Review article, *How Great Companies Think Differently*,<sup>17</sup> researcher Rosabeth Moss Kanter had several trust-based recommendations for companies based on her studies of the most admired and successful organizations in more than 20 countries and four continents. Kanter discovered that great companies:

- Engage workers by trusting them to make choices about where, when, and with whom they work
- Create frameworks that use societal and human values as decision-making criteria
- Believe their company has a purpose, and meet stakeholders' needs in many ways, including:
  - Producing goods and services that improve the lives of users
  - Providing jobs and enhancing workers' quality of life
  - Developing a strong network of suppliers and business partners
  - Providing resources for improvements and innovations

According to Kanter: "People can be trusted to care about the fate of the whole enterprise—not just about their own jobs or promotions—and to catalyze improvements and innovations without waiting for

instructions...When people are trusted to self-organize, to create networks to share information, new initiatives or innovations are often the result."

### The Innovation Index

According to the Great Place to Work® Innovation Index (below), organizations with higher levels of trust offer a workplace environment that is more likely to support innovation through:

- ⦿ Forgiving honest mistakes
- ⦿ Involving and including employees in decisions
- ⦿ Increasing cooperation
- ⦿ Showing appreciation for extra effort

	<b>Fortune 100 Best Companies to Work For®</b>	<b>List Contenders</b>	<b>Delta</b>
<b>Great Place to Work® Innovation Index</b>	<b>83%</b>	<b>73%</b>	<b>10</b>
Management shows appreciation for good work and extra effort.	85%	75%	10
Management recognizes honest mistakes as part of doing business	85%	77%	8
Management genuinely seeks and responds to suggestions and ideas.	82%	72%	10
Management involves people in decisions that affect their jobs or work environment.	77%	65%	12
You can count on people to cooperate.	87%	77%	10

Source: Data from the 2016 Great Place to Work® Fortune 100 Best Companies to Work For® list competition. Scores indicate the percentage of employees across the 100 Best Companies Winners vs. List Contenders who indicate the survey statements are "Often true" or "Almost always true". "List Contenders" refers to companies that participated in the 100 Best List competition but did not earn a spot on the list.

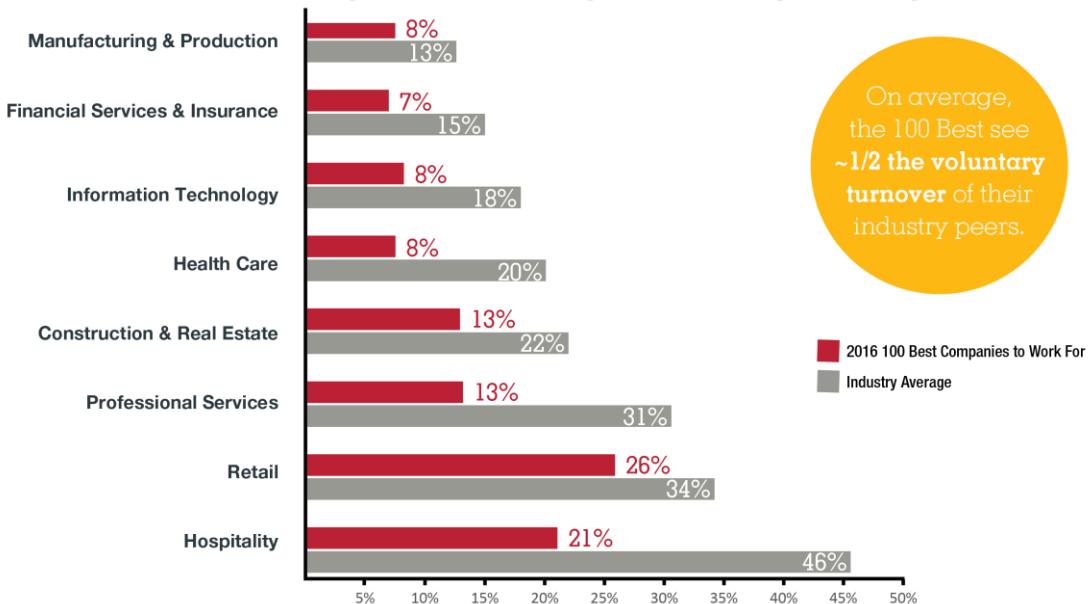
## 5. The Link Between Trust and Employee Retention

### The High Cost of Replacing Employees

In January 2015, 2.8 million Americans voluntarily quit their jobs per month and by the end of the year, that number had grown to 3 million. The U.S. annual voluntary turnover rate averaged 24% that year according to the Bureau of Labor Statistics.<sup>18</sup>

In contrast, people who work in a high-trust work environment are far more likely to stay. The 2016 *Fortune* 100 Best Companies to Work For® reported an average voluntary turnover rate of just 10%. A breakdown of these results by the most highly-represented industries on the list is shown below.

**100 Best Companies Voluntary Turnover by Industry**



Source: "100 Best" data provided by Great Place to Work® Institute, Inc.  
Comparative data provided by BLS. "100 Best" data includes FT & PT turnover; BLS data includes the same in addition to turnover for temp/contract workers

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### Calculating the High Cost of Turnover

Research estimates that the total average cost of turnover is 90% - 200% of the exiting employee's base salary, and more than 12% of pre-tax income for the average company.<sup>19</sup> In their 2006 book *Staffing Organizations*, Heneman & Judge feature a comprehensive list of the many negative ways turnover impacts a company, including financial implications such as accrued paid time off, general losses such as delays in production and lost clients, replacement costs, training costs, and many others.<sup>20</sup>

Of course, some turnover cannot be avoided as people experience life changes, such as retirement or moving; however, reducing and preventing turnover should be a top priority of every leader since it's a problem that significantly impacts:

- Profitability and market value
- Productivity and performance
- Sales and company growth
- Workforce morale

One of the best ways to reduce turnover and the formidable financial burdens it brings is to focus on developing a high-trust culture. At the 100 Best Companies to Work For, an average of 87 percent of all employees say they "want to work here for a long time." As the graph above shows, companies on the 100 Best Companies to Work For list report a fraction of the voluntary turnover seen by their industry peers, giving them a tremendous advantage over their competition.

## 6. The Link Between Trust and Employees of Different Generations

### **Millennials: Equipping the Upcoming Workforce for Success**

Countless articles have been written about how to attract, retain and manage Millennial workers. A key finding is that not only do Millennials have high expectations for their workplace from a cultural standpoint, but they are not afraid to seek employment elsewhere if these expectations are not met.

So what is it that Millennials want? Millennials desire a more participatory, collaborative and transparent workplace — all qualities of a trust-based culture. Competitive companies committed to hiring the best and the brightest will need to cultivate a high-trust culture, which is the preferred environment of the modern workforce.

#### **PwC's NextGen Study<sup>21</sup> found that Millennials:**

- Place a high priority on workplace culture
- Desire a work environment that emphasizes teamwork and a sense of community
- Value transparency, especially as it relates to their careers, compensation and rewards
- Want to provide input on work assignments
- Want and need the support of their supervisors

#### **Deloitte's multi-year studies of Millennials<sup>22</sup> found they:**

- Value an open, transparent, inclusive leadership style
- Expect leaders to have the strong interpersonal skills essential to building trust with employees
- Want a work experience characterized by strong relationships and a collaborative approach

## Millennials and Other Generations

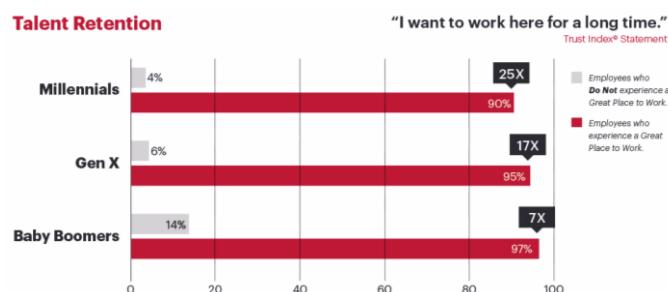
Great Place to Work's own research into Millennial employees also found a clear connection between trust and success with this generation. This research, in fact, found that trust fuels performance with each of the three main generations in the workplace today: Millennials, Gen Xers and Baby Boomers.<sup>23</sup>

In particular, those benefits can be seen in the key areas of talent retention, brand ambassadorship and productivity:

### Talent Retention

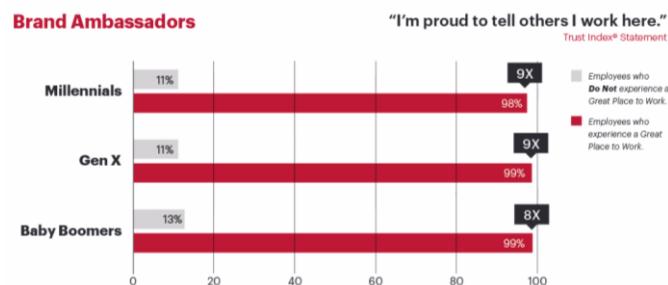
Employees who experience a great workplace are far more likely to want to remain at their organization a long time— saving companies on recruiting and training while fostering the higher performance of stable teams.

For example, just 4 percent of Millennials who do not experience a great workplace plan a long-term future at their companies, while 90 percent of Millennials who feel they are at a great workplace want to stay there for a long time. In other words, a great workplace makes a 25X improvement when it comes to retention.



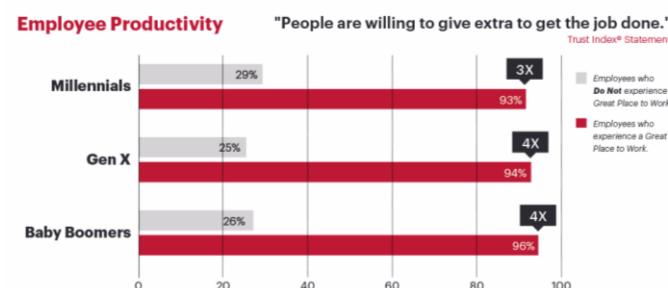
### Brand Ambassadorship

Employees' willingness to speak with pride about their organization—an important part of brand strategy given the public tends to trust peers and employees over CEOs—increases dramatically when staffers experience a great workplace. This holds true no matter if those employees are 20-, 40- or 60-somethings.



### Employee Productivity

When employees—no matter their generation—feel they are at a great workplace, they are more than 3 times more likely to report that their peers give extra to get the job done.



## 7. The Link Between Trust and Customer & Patient Satisfaction

### Higher Customer Satisfaction Leads to Higher Returns

At high-trust companies, employees are empowered to make decisions that they believe will serve the customer without undue oversight or bureaucracy, and this ultimately serves the business.

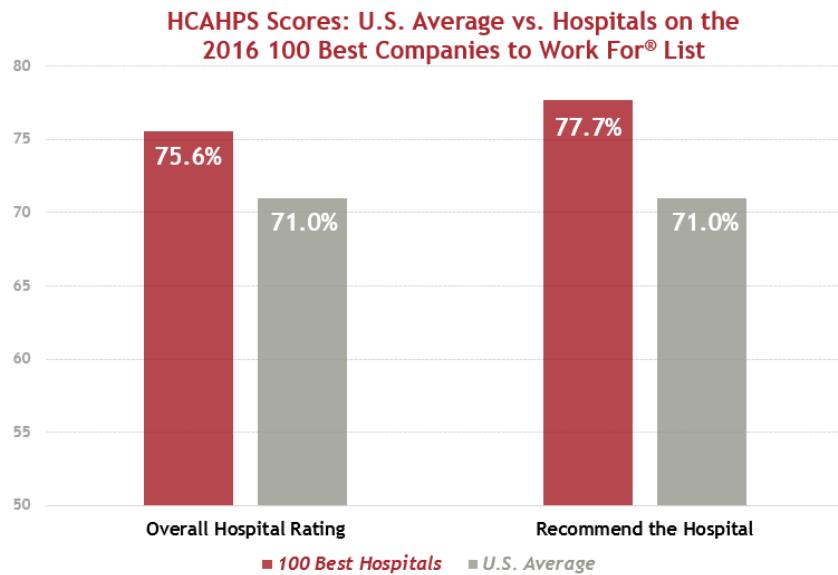
Professors Daniel H. Simon and Jed DeVaro conducted an eight-year study published by Cornell University's Industrial and Labor Relations School<sup>24</sup> that examined a subset of the *Fortune* 100 Best Companies to Work For®. In their findings they revealed:

- These high-trust companies earn customer satisfaction ratings that are 2.8 to 3.2 points higher than competitors.
- An increase in customer satisfaction yields about a 1.6 percent increase in returns on assets.

### Increased Patient Satisfaction Scores

A Great Place to Work® study of the hospitals that made the 2016 *Fortune* 100 Best Companies to Work For® list found that on average these high-trust hospitals have Hospital Consumer Assessment of Healthcare Provider and Systems (HCAHPS) patient satisfaction scores that are significantly higher than the U.S. average for "Overall Hospital Rating" and whether patients would "Recommend the Hospital".

As the end "customer" in a healthcare setting, these results demonstrate the positive impact a high-trust culture can have on the overall patient experience.



Sources: Great Place to Work® 2016 Fortune 100 Best Companies to Work For data and HCAHPS Online April-May 2016 Summary Analysis.

## 8. The Link Between Consumer Spending and Trust

### Building Brand Loyalty by Providing Value and Values

Pulitzer Prize-winning journalist Michael D'Antonio and John Gerzema, the President of Brand Asset Consulting for global advertising firm Young & Rubicam, recently investigated the growing trend of post-recession consumers preferring companies that not only offer a good value, but demonstrate a commitment to upholding values such as transparency, fairness, kindness and generosity. The phenomenon, known as The Spend Shift, represents more than 71 percent of Americans, who are actively aligning their spending with their values.

### What Spend Shifting Means for Modern Companies

D'Antonio's and Gerzema's research<sup>25</sup> includes new findings from Young & Rubicam's BrandAsset Valuator (BAV). Updated each quarter, the BAV is a survey of consumer values, attitudes, and shopping behaviors that includes input from over one million consumers on more than 40,000 brands. The researchers distilled all of the findings on Spend Shifting into four trends that they recommend businesses grasp to ensure continued success. These trends are:

1. **United By Change:** Spend Shifting is a movement that unites consumers across all demographics. It is blind to geography, education, age and income.
2. **The New Thrift:** People are spending less. Resourcefulness and self-sufficiency are viewed as virtues, and excessive consumption is seen as a weakness.
3. **Transparency Breeds Trust:** Consumers see through marketing and PR spin. They crave authenticity and view companies that practice transparency as trustworthy.
4. **Companies That Care:** Kindness and empathy are not only key drivers for consumer spending, they are valuable attributes of the best companies.

### Top Companies Are Cultivating Trust-Based Values

In addition to the values of transparency, kindness and empathy, D'Antonio and Gerzema listed several other research-supported attributes necessary for business success:

- **Openness** and understanding are critical. Showing kindness and humanity is now a competitive advantage.
- **Generosity** binds a company to its community and its stakeholders. It opens up networks, provides access to talent pools, and creates future customers.
- **Caring** companies that invest in their communities are now actively sought by consumers. Selling to customers requires investing in customers.

"We believe that the future face of capitalism will be defined by delivering value *and* values. Those that embrace this reality and adapt will find extraordinary opportunities. Those that ignore it will do so at their peril." - Michael D'Antonio and John Gerzema in *The Power of the Post-Recession Consumer*.

## 9. The Link Between Trust and Employee Engagement

### A Case of the Mondays

From *Horrible Bosses* to *Office Space*, disengaged employees are often the subject of funny movies, but in real life disengagement is no laughing matter. In 2015, just 32% of workers were found to be “engaged,” a number that has remained more or less stagnant since the year 2000.<sup>26</sup>

Companies lose more than morale when employees withhold their talents, creativity, energy and passion — they lose productivity, profitability, innovation, their competitive edge, and more. Research also reveals that:

- ➊ Disengagement costs U.S. companies approximately \$450 billion to \$550 billion annually<sup>27</sup>
- ➋ 96 percent of engaged employees trust management
- ➌ Only 46 percent of disengaged employees trust management<sup>28</sup>



So what causes disengagement? One key factor is a lack of trust. For people to be fully engaged, they need to be in an environment where they can be vulnerable and open. Vulnerability and openness are far more likely to occur when trust-based relationships exist.

## 10. The Link Between Trust and Organizational Agility

### The Need for Speed

In a world where customers have come to expect instant gratification, agility is fast-becoming a top attribute of competitive companies. A 2015 study<sup>29</sup> published in the Canadian-based journal, *International Business and Management* found that four variables in particular had a significant impact on corporate agility: technological intelligence, organizational commitment, creativity, and trust. Of these four, organizational trust was deemed to be one of the most valuable (and underestimated) attributes a company could leverage to increase agility.

### Trust-Based Values Fuel Agility

*The Secret Formula for Organizational Agility*,<sup>30</sup> a new study from the Institute for Corporate Productivity, found that a culture grounded in the right values is necessary to empowering agility. The study revealed that there are five specific values that are most predictive of agility, all of which are prevalent in a high-trust work environment.

1. Innovation
2. Transparency
3. Creativity
4. Diversity
5. Collaboration

Companies with a measurable commitment to one or more of these values are more likely to be effective at agility than those without them. High-agility organizations are 10 times more likely to have all five values embedded in their culture.



### Trust Fosters Faster Decision-Making

One of the ways trust impacts agility is by creating a workplace environment where decisions can be made quickly. Indeed, a faster decision-making process is vital to competing (and winning) in the modern marketplace. In a recent LinkedIn article entitled: *Trust: The Secret Ingredient in High Performing Organizations*,<sup>31</sup> author Darren Gold shares how trust is essential to making faster decisions, and has outlined several trust-based decision-making behaviors observed in high-performance companies, including:

#### Transparency/Openness

- Producing decisions quickly that are clear
- Refusing to allow decisions to unravel through back-channel dealing or front-line resistance
- Making decisions that stick and enjoy the support of the organization

#### Vulnerability

- Choosing to take a risk instead of engaging in endless debates in search of a perfect answer
- If a decision turns out to be wrong, corrections are made quickly without fear of punishment

## 11. The Link Between Successful Leadership and Trust

### Three Pillars of Trust

Leaders at great workplaces take many actions on a daily basis to build trust with employees across the organization. The Great Place to Work® Trust Model® includes three pillars of trust: Credibility, Respect, and Fairness.

- **Credibility** is developed when managers and leaders are competent, consistently keep their word, and share information with employees as openly as possible. The more committed leaders are to honoring their word, the more trust employees will place in their ability to lead.
- **Respect** is developed when employees believe they are respected as professionals, are regularly asked for their input, and also are honored as people who have meaningful lives outside of work.
- **Fairness** is fostered when employees believe they are operating on a level playing field when it comes to pay and profit sharing, opportunities for recognition and advancement, and fair treatment regardless of personal characteristics such as race or gender.

### A Marked Difference

The table below features select statements from the Great Place to Work® Trust Index® Employee Survey, which assesses the employee experience of trust in the workplace. As the numbers indicate, leaders at the *Fortune* 100 Best Companies to Work For® are more consistent with their actions to build trust with employees across their company than contenders who did not make the list.

**Employees Rate a Selection of Trust-Building Leadership Behaviors**  
**2016 Fortune 100 Best Companies to Work For vs. 100 Best List Contenders**

Trust Index® Survey Statement	2016 Fortune 100 Best Companies to Work For	2016 List Contenders	Delta
Management is honest and ethical in its business practices.	91%	84%	7
Management is competent at running the business.	90%	82%	8
Management is approachable, easy to talk with.	87%	80%	7
Management has a clear view of where the organization is going and how to get there.	85%	75%	10
Management shows a sincere interest in me as a person, not just an employee.	84%	74%	10
Management makes its expectations clear.	83%	75%	8
Management keeps me informed about important issues and changes.	83%	73%	10
Management delivers on its promises.	83%	73%	10
I can ask management any reasonable question and get a straight answer.	83%	74%	9
Management's actions match its words.	83%	72%	11
Management genuinely seeks and responds to suggestions and ideas.	82%	72%	10
Management involves people in decisions that affect their jobs or work environment.	77%	65%	12
Managers avoid playing favorites.	74%	66%	8
I feel I receive a fair share of the profits made by this organization.	74%	59%	15

Source: Data from the 2016 Great Place to Work® Fortune 100 Best Companies to Work For® list competition. Scores indicate the percentage of employees across the 100 Best Companies Winners vs. List Contenders who indicate the survey statements are "Often true" or "Almost always true". "List Contenders" refers to companies that participated in the 100 Best List competition but did not earn a spot on the list.

### Considering the Employee Experience

As you can see from reviewing the statements in the table, employees at great workplaces experience a broad range of trust-building behaviors from their leaders. These behaviors that build Credibility, Respect and Fairness all have a significant impact on the employee experience.

Leaders at great workplaces engage in these trust-building behaviors with employees across roles, locations, departments, and demographics. This results in a diverse and rewarding experience of trust in the workplace for both employees and management.

## Learning From Great Leaders

The following examples show how leaders of some of the strongest trust-based cultures build trust throughout their organizations.



**Best Workplace:** **Whole Foods Market**

- Behavior:** Include employees in determining the future of the company  
**Benefits:** Engagement, Innovation, Performance

In 2013, Whole Foods gathered 200 of its leaders, team members, customers, suppliers and shareholders for “Future Search 2018,” a four-day series of collaborative meetings where everyone participated in creating a vision and goals for Whole Foods’ future. During this time, participants narrowed down hundreds of ideas and future goals for the company into seven major themes, with specific action plans attached, which were later reviewed and finalized by the Whole Foods Leadership Network.



**Best Workplace:** **Salesforce**

- Behavior:** Provide employees with a platform for innovation  
**Benefits:** Innovation, Customer Satisfaction, Performance, Engagement

Salesforce launched Salesforce Labs (Labs) as a way for its employees to publish free and open-source apps on Salesforce’s cloud-computing marketplace, the AppExchange. Labs began in response to the many ideas employees introduced as they sought to better serve customers. The AppExchange team helps employee app creators bring their great ideas to Salesforce customers. Since its launch in 2006, Labs has generated more than a dozen patents for the company.



**Best Workplace:** **Etsy**

- Behavior:** Blameless postmortems  
**Benefits:** Performance, Innovation, Customer Satisfaction

Etsy strives to create a blameless culture that values learning from mistakes over blaming the people who made them. This allows employees to talk openly about things that didn’t go right, so that they can learn from it, move on, and improve. To foster learning, Etsy hosts “Blameless Postmortems” in which the people involved in a situation, and those interested in learning about it, come together to discuss what happened and craft a plan for the future. In 2014, more than 100 postmortems took place.



**Best Workplace: Quicken Loans**

**Behavior:** Leaders are accessible to all employees

**Benefits:** Innovation, Performance, Engagement

Quicken CEO, Bill Emerson, shares his email address, direct office line, and personal cell phone number with all employees and encourages them to contact him directly. According to Emerson, “We win when team members feel connected to the company. As a leader, you must develop this relationship and understand who they are and make them feel like they have a voice. If you do, they’ll tell you a whole bunch of stuff, including the best ideas your organization has ever had.”



**Best Workplace: St. Jude Children's Research Hospital**

**Behavior:** Invite employees to have lunch with the CEO

**Benefits:** Engagement, Retention, Innovation

When Dr. James Downing became president and CEO of St. Jude, he scheduled eight walking tours of its various buildings and departments, so he could meet all employees. Soon afterward, he hosted a “Lunch with the CEO” series in which small groups of employees sat down in a relaxed environment, where Downing could share his vision and invite them to share their ideas, thoughts and concerns.

## 12. Estimating Your Company's Current Level of Trust

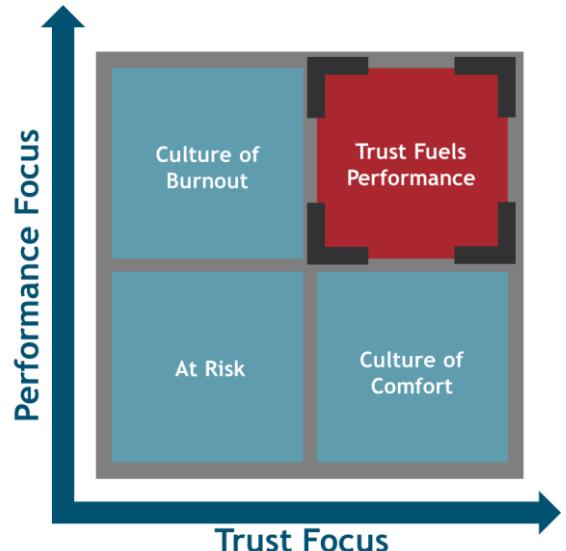
### Know Where You Are. Know Where You're Going.

To help you understand how much of your company's performance is fuelled by trust, Great Place to Work® has developed a Culture Spectrum. Based on more than 30 years of research, the Culture Spectrum enables you to assess which of the four primary types of culture your company currently has: **Culture of Burnout; Culture at Risk; Culture of Comfort;** or a Culture where **Trust Fuels Performance**.

**Directions:** To determine which culture best represents your company, check the attributes that describe your organization in each culture description.

#### TRUST FUELS PERFORMANCE

In this work environment, trust fuels performance and leads to sustainable benefits for the organization.



- Transparency** — There is strong and healthy two-way communication between leaders and employees.
- Innovation** — Employees and teams are willing to take risks, and the organization treats mistakes as opportunities to learn and grow.
- Customer Satisfaction** — Employees often extend themselves for the benefit of the customer.
- Talent Attraction** — Attracting, retaining and rewarding top talent is achieved without undue effort.
- Strategic** — Employees and leaders are united in focusing on performance indicators such as speed, agility, customer service and quality.

#### CULTURE OF BURNOUT

In this environment, performance is greatly valued, but trust is not seen as essential to success.

- Political** — Employees are motivated by fear and internal competition which creates a political environment that perpetuates mistrust among peers and a lack of collaboration.
- Self-Seeking** — Only individual high performers receive rewards and recognition.
- Dead End** — Employees lack a career path and opportunities for professional development, causing high-potential talent to seek opportunities elsewhere.
- No Work/Life Balance** — Employees' personal needs are ignored, and those who start families or desire to seek further education are given little or no support.
- High Turnover** — It is difficult to retain talent and considerable time, resources and budget are spent recruiting, onboarding and training replacements.

## CULTURE OF COMFORT

Leaders in this work environment place a high value on trust, but overall company performance is low.

- Vulnerable** — Living off of past successes and lack of business discipline has put the business at risk for layoffs, takeovers and major losses to competition.
- Easy-going** — Employees and leaders consider one another friends and family and there are many employees who have been with the company a long time.
- Personal** — Leaders take time to get to know employees and are adept at creating a sense of openness and trust.
- Anti-Competitive** — Strategy, external competition and business growth are low on the priority list, putting the business at risk.
- Talent Repellant** — Career-minded talent are turned off by the company's low business performance, which leads to hiring lesser talent and perpetuates the low performance cycle.

## CULTURE AT RISK

In this work environment both trust and performance are at all-time lows.

- High Turnover** — It is difficult to retain talent and considerable time, resources and budget are spent recruiting, on-boarding and training replacements.
- Apathetic** — Leaders are disinterested in building trust with employees, or new leaders are unable to build trust due to previous conditions.
- Fear-Driven** — Employees' fear of making mistakes has led to a lack of collaboration, innovation and agility.
- Talent Repellent** — Sagging profits make recruiting and rewarding top talent difficult.
- Vulnerable** — Low performance has put the business at risk for layoffs, takeovers and major losses to competition.

## Trust Is Serious Business

Discovering the positive impact and substantial benefits that a high-trust culture has on company performance is exciting. High-trust cultures have proven successful in every industry. Research shows that companies with a high-trust culture outperform their competitors and enjoy measurable increases in:

- Performance and Market Returns
- Innovation
- Agility
- Employee Retention
- Sales and Growth
- Customer and Patient Satisfaction
- Employee Engagement
- Consumer Preference/Spending

### **Trust Benefits Everyone**

The impact of a high-trust culture extends far beyond a company's performance and bottom line. It reaches the heart of what people desire and long for in a work environment—where they spend roughly a third of their lives. People want a place where they **trust** the people they work for, have **pride** in what they do, and **enjoy** the people they work with.

By making a commitment to build trust in your workplace, you are investing in the emotional health and well-being of your employees and in the communities in which you live and work, all while investing in the well-being of your business. You are joining a movement to build great places to work for all people and ultimately a better world.

### **Prepare to Be Successful**

Great Place to Work® is a research-driven organization that is deeply invested in understanding how ordinary businesses become extraordinary by creating a high-trust culture. We offer a wide range of resources designed to help you adapt and adopt best practices for building a high-trust workplace used by the most successful companies in the world.

We also have a knowledgeable team of Culture Consultants, who can help you assess the current level of trust in your organization and assist you in planning and implementing practical and proven steps that will enable you to create and sustain the high-performance, trust-based culture you desire.

## About Great Place to Work®



Great Place to Work® is the global authority on building, sustaining, and recognizing high-trust, high-performing workplace cultures. The Great Place to Work® Trust Model® is built on 30 years of research and data collected through our Trust Index® Employee Survey which is taken annually by millions of employees worldwide.

In the U.S., Great Place to Work® produces the *Fortune* 100 Best Companies to Work For® list and over a dozen other Best Workplaces lists in partnership with *Fortune*. Great Place to Work® also provides executive coaching and culture consulting services to businesses, non-profits, and government agencies in over 40 countries across six continents.

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## About the Author

Jessica Rohman is Director of Content at Great Place to Work®, where she leads the development of content including reports, blogs, articles, presentations, and more, which are largely based on Great Place to Work's ongoing research of the Best Workplaces. Her work focuses on the actions leaders and managers can take to build trust-based workplaces that fuel positive employee experiences and strong business performance alike.

In her more than fifteen-year career studying workplace culture, Jessica has also served as an organizational development consultant, working with leaders and managers across industries to assess and improve the workplace. She has designed and facilitated workshops related to building strong workplace cultures, and has been a frequent speaker on the topic of great workplaces.

Since 2004 she has conducted extensive research of the *Fortune* 100 Best Companies to Work For, and has been featured as an expert on great workplaces for media outlets such as *The Miami Herald*, *Oprah.com*, *Fortune Magazine* and *Time*.

Jessica holds a B.A. in Psychology and an M.A. in Industrial & Organizational Psychology. She has also conducted doctoral studies in Human and Organizational Systems at the Fielding Institute and the National Training Laboratory.