

Building High Trust Workplaces

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I often get asked at conferences, “How can I get employees to trust in the ESOP more?” After seeing inspiring examples from other companies, many people leave conferences immediately focused on ESOP education. While education is essential, it is unlikely on its own to be enough to generate trust in your ESOP. In fact, creating an ownership culture is about creating an environment where people not only trust the ESOP, but also each other and the company.

How Trust Works Interpersonally

To understand how trust is cultivated in *something* (e.g. the ESOP or the company), let’s first examine how trust works at an interpersonal level. Trust is a feeling or an attitude that we have towards someone that shapes our assumptions about their future behavior. Our capacity for trust is shaped by our personality as well as our past experiences. For instance, if we have had poor experiences at previous companies, we’re more inclined to mistrust our current company.

Past actions are typically the biggest driver of whether or not we trust someone. Trust is built on action, not words. When our colleagues fulfill their commitments, complete quality assignments and communicate honestly, they are strengthening our trust in them. When our colleagues do not follow up, fail to disclose critical information or fail to meet performance expectations, they are decreasing our trust in them. Trust is not a fixed quantity. It is always changing — strengthened or weakened through our actions. And obviously, trust is harder to rebuild, once it has been weakened. We also often trust people in some areas but not others. I might trust someone to be competent in their skills, but not trust them to be on time.

How to Build Trust in a Company

When it comes to trust in a company, senior leaders and their actions generally represent “the company” for employee owners. Senior leaders build people’s trust in their company through their actions and through the structures, programs, processes and policies they create. It is important to recognize that how senior leaders’ actions are interpreted also depends on each employee owners’ history with the company and with previous employers.

Open communication about what is happening with the company, financially and otherwise, is an essential component for building trust. Not only do employee owners appreciate hearing about what is going on, but they also feel respected and trusted. Transparency can be even more critical during a business downturn or high uncertainty. Senior leaders may be tempted to communicate less, in the interest of protecting employees, but as result, rumors abound and mistrust increases. In fact, some of companies have done a lot to build

trust during downturns by communicating about pay freezes, furloughs and potential layoffs, or by simply explaining to employees the causes of the drop in business and gathering their input about potential actions to address the situation.

Communication should not only be one-way. Companies cultivate trust by listening to employees and showing that they are open to feedback. Companies that give regular opportunities for employees to give feedback and input and then respond to employees’ ideas are often companies where trust is high.

Communication is easier said than done. Senior leaders often don’t take the time to listen or to communicate not because they do not care, but because they’re too busy. It can be challenging to prioritize communication but the impact can be large, in terms of contributing to a high trust workplace.

Another element of trust arises from whether or not senior leaders are perceived as making decisions and behaving in ways that align with the company’s values. Many companies have value statements, but those statements can be meaningless, or worse, create dissonance if leaders are not actively trying to live by them. This can be challenging especially when values come into conflict. For instance, one health care company has both quality care and financial strength listed as values. Employees have questioned whether quality care is a truly valued: an office may be celebrated and recognized for having the highest business growth for the month, even if they have serious quality shortcomings. From the employee perspective, it can appear as though the company does not care about quality care. The company is now trying to bring more of its actions in alignment with its values. Oftentimes, this can begin through gathering feedback from employees and customers about where the company is perceived as living by its values and where it is not, as long as leaders are willing to respond to and act on that feedback.

Other actions that contribute to building company trust are things such as follow-through on commitments and treating people equitably.

Building Trust in the ESOP

All of these principles can also be applied to the ESOP. Clear, transparent communication about what it is and how it works can make great strides towards helping employees believe in it. Companies have many creative ways to do this: elevator speeches for the ESOP, screenings of “We the Owners” documentary, annual ESOP information ses-

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sions, and animated ESOP videos. The ESOP Association's AACE awards, which are awarded at the DC Annual Conference, have excellent examples of what companies have done.

Companies can also try to make the rewards of the ESOP more tangible, without providing guarantees: creating account projection tools, showing ESOP account distributions, filming retirees who talk about the ESOP and what it means for them and others. Finally, transparency around both the risks and the limitations of the ESOP is critical: the ESOP's performance is completely tied to the company, the ESOP doesn't give employee owners governance rights and is not designed to give people a lot of money up front. In fact, the ESOP's value is built in large part from the hard work of employee owners.

Finally, employees' experience with the company will color how they perceive ESOP information. Company leaders who want employees to believe in the ESOP and act like owners, must cultivate high trust environments. In my ESOP communication work, I see a consistent trend. In companies where employees trust their leaders, they also trust the ESOP, whether they are shop floor employees or highly-educated professionals. In companies where employees do not trust their leaders, they tend to receive the ESOP with skepticism and cynicism. So, the best thing a company can do to cultivate trust in their ESOP, aside from ESOP education, is to build overall trust in the company, which means building company trust in the senior leadership team.

I'm currently working with a company where trust has deteriorated over the past few years due to lack of communication from senior management. To address this situation their ESOP committee did not focus on providing ESOP education, but rather on hearing employee owner concerns, gathering their input and working with senior leadership to open communication channels. They have made solid progress in rebuilding trust between management and non-management employees and are now planning ESOP education and celebrations.

If you are hoping to build more trust in the ESOP, I encourage you to examine where your best investment of efforts can be made. If trust levels are high, then ESOP education may be the best starting point. If trust levels are low, then it may be helpful to start with considering what the senior management team can do differently to build trust. Companies can begin to address low morale or low trust situations by listening: conducting surveys, interviews and/or focus groups to identify the key issues and then responding to them with actions that address people's concerns. By listening to employees and understanding where they are, company leaders can get a good start on addressing the issues that matter to employees. Improving trust in the company will then make it easier to engage employees in the ESOP.

The good news is: trust is contagious. Here are a few ways that it is transmitted: When people trust their leaders, they are more inclined to trust each other; When employees feel trusted, they are more inclined to trust others; When people are in trusting environment, they are more likely to be trustworthy. And finally, if employees are in a high trust company, they are more likely to trust in the ESOP, and trust that the company will perform well and succeed. And that can often become a self-fulfilling prophecy: in a high trust workplace, employees will share information, collaborate, generate ideas and solutions, develop and support others and go above and beyond for the company, embracing their shared responsibility as employee owners.

The author reviewed this article with Committee Chair, Dan Marcue of Woodward Communications, Inc. in Dubuque, IA.