The Power of Framing: Creating the Language of Trust
Gail T. Fairhurst

Barry Z. Posner

—

The authors' insights will have you thinking long and hard about how to build capacity within your own corporate cultures. I enjoyed this book immensely.

— Gail T. Fairhurst, author of The Power of Framing: Creating the Language of Leadership

“A valuable read for leaders and leadership scholars, this book is filled with poignant examples of trust (and mistrust) in a variety of organizations. The Trust model and Organizational Trust Index are wonderful tools.”

— Ronald E. Riggio, Henry R. Kravis Professor of Leadership and Organizational Psychology, Claremont McKenna College

“...the authors draw upon their expertise as researchers and consultants to provide a blueprint for leaders who want to build organizational trust, which is the key to sustainable performance.”

— Craig Johnson, professor of leadership studies, George Fox University and author, Meeting the Ethical Challenges of Leadership

“...gives an in-depth look at the cal set of trust-building processes, practices, and protocols. More than just a few helpful case examples and compelling interviews to reflect the diversity of organizations faced with trust issues, this valuable resource clearly demonstrates how individuals and organizations can develop a personal trust profile that is vital for implementing a practical set of trust-building processes, practices, and protocols.”

The Companion CD-ROM

The companion CD-ROM features the Organizational Trust Index (OTI), a 29-question assessment for measuring and supporting strategies for building organizational trust based on five key drivers: competence, openness and identifi cation. Step by step, the authors show how to implement the model in peer groups, virtual environments, with managers/supervisors, and at the level of top management. Using a wealth of illustrative case examples and compelling interviews to reflect the diversity of organizations faced with trust issues, this valuable resource clearly demonstrates how individuals and organizations can develop a personal trust profile that is vital for implementing a practical set of trust-building processes, practices, and protocols.

The IABC’s Organizational Trust Index (OTI), a

The Organizational Trust Index (OTI) is a

PRAISE FOR BUILDING THE HIGH-TRUST ORGANIZATION

CREATING AN ENVIRONMENT of trust is at the very heart of personal and organizational success. In fact, studies show that high-trust organizations have increased engagement, accelerated growth, enhanced innovation, improved collaboration, stronger partnering, better execution, and heightened loyalty. The question is: how do you create and build trust in your organization?

Building the High-Trust Organization offers leaders an internationally-recognized model for creating organizational trust based on five key drivers: competence, openness and identifi cation. Step by step, the authors show how to implement the model in peer groups, virtual environments, with managers/supervisors, and at the level of top management. Using a wealth of illustrative case examples and compelling interviews to reflect the diversity of organizations faced with trust issues, this valuable resource clearly demonstrates how individuals and organizations can develop a personal trust profile that is vital for implementing a practical set of trust-building processes, practices, and protocols.

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Building the High-Trust Organization
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and

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Building the High-Trust Organization

Strategies for Supporting Five Key Dimensions of Trust

Pamela S. Shockley-Zalabak, Sherwyn P. Morreale, and Michael Z. Hackman
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To our clients, colleagues, and students.
Thank you for placing your trust in us.
Preface

We first became interested in organizational trust more than a decade ago. At that time we were convinced trust played a significant role in impacting overall organizational effectiveness. Our subsequent research conducted in several countries around the world, consulting experiences on four continents, and observations of the widespread “trust crash” that occurred over the past couple of years have only served to convince us trust is not just critically important—it is the main thing—the essential element of organizational success. We hope after reading this book you also will be convinced building trust is critical to your success and the overall success of your organization.

High-trust organizations have increased value, accelerated growth, enhanced innovation, improved collaboration, stronger partnering, better execution, and heightened loyalty. A 2002 study showed high-trust organizations outperformed low-trust organizations by 286 percent in total return to shareholders (stock price plus dividends.) A 2005 study supported these findings suggesting high-trust organizations earned more than four times the returns of the broader market over the prior seven years.1 Recent examples, several of which are discussed in this book, ranging from Enron to Bear Stearns, Lehman Brothers, and AIG, support the notion that, without trust, organizations cannot thrive.

This book is divided into three parts. In Part One, we address some of the common misconceptions about trust and
introduce our organizational trust model. The model and the Organizational Trust Index (OTI) have been demonstrated to be stable across different cultures and industries. The twenty-nine-question OTI, which is included on a CD at the back of this book, was validated by surveying over four thousand employees in a wide range of business sectors in eight different countries around the world. The organizational trust model and the OTI are based on five key drivers of organizational trust: competence, openness and honesty, concern for employees/stakeholders, reliability, and identification.

Each of these organizational trust drivers is discussed in detail in Part Two of the book. To explore these trust dimensions in depth, we include detailed strategies for building each driver of trust in your organization. We also provide a Trust in Action case summary at the end of each chapter in Part Two. Our cases demonstrate how each trust driver has been applied effectively within a well-known organization. Finally, we provide a list of ten Trust Lessons as takeaways from each chapter.

In Part Three of the book, we discuss how to create and build trust in your organization. We look at some of the significant trust challenges faced by many organizations: globalization; the virtual world of work; innovation, creativity and risk; and conflict and crisis. In the last chapter of the book and in the Appendix, we discuss comprehensive steps that can be taken to build organizational trust.

We have reviewed more than 3,500 articles in the research literature on trust and have worked with hundreds of organizations on issues related to improving communication and leadership effectiveness. We have interviewed and talked with leaders in organizations in over twenty-five countries, including the United States, Asia, Africa, Europe, Australia, and the Middle East. Our conclusion is clear: trust is the main thing in any organization. More importantly, organizational trust can be improved. We hope this book helps to start you on your journey to gain a better understanding of the importance of trust and the value of
building trust in your organization. We have provided a number of tools you can use to support trust building in your organization. These tools will serve as a good beginning point in becoming a high-trust organization. We are available to assist in your journey should you feel you need guidance in developing a more comprehensive strategy. We wish all who read this book success in building high-trust organizations that demonstrate competence, openness and honesty, concern for employees/stakeholders, reliability, and identification.

Pamela Shockley-Zalabak  
  pshockle@uccs.edu  
Sherwyn Morreale  
  smorreal@uccs.edu  
Michael Z. Hackman  
  mhackman@uccs.edu  

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*January 2010*
In Part One, we argue strongly that trust in organizations is not just critically important—it is the main thing—the essential element of organizational success. We first introduce you to several common myths about the nature of trust, with an emphasis on the high cost to organizations of distrust and betrayal. We describe organizational trust and then talk about why it is so important. We next consider the intimate relationship of trust to achieving organizational excellence. Perhaps most important, we introduce you to our research-based model of organizational trust and its five no-nonsense components: competence, openness, concern, reliability, and identification.
ORGANIZATIONAL TRUST

What Does It Mean? Why Does It Matter?

“What men [and women] and they will be true
to you; treat them greatly and they will show
themselves great.”
—Ralph Waldo Emerson, American
author and poet, 1803–1882

When one of our long-term clients asked us to go to Seattle to
meet with the leaders of their newest division, we frankly were
surprised. The formation of the new division had been part of a
massive strategic planning effort to locate research and develop
capacity for the company’s medical products line near other
important company operations. The division leaders and engi-
neering personnel had been hand-picked from highly successful
development teams throughout the company. The fact that sev-
eral key personnel were asking to return to their previous assign-
ments did not make sense. We met first with division manager,
Larry Reynolds, who was highly regarded for leading several
product introductions resulting in record-breaking sales.1 Larry
was baffled and somewhat angry about the vocal resistance to
the direction he was trying to take the division. After we talked
with the engineers who had publicly stated they wanted to
leave, the issue became clear. The engineers did not trust Larry
knew what he was doing. They trusted Larry as an individual but
not his expertise to develop the new product lines. They agreed
he had been extremely successful with past product introduc-
tions but believed they knew more about the future direction
medical products should take. They claimed he would not listen to alternative approaches or attempt to agree on a common vision. They did not want to risk their careers in this new venture and were trying to find a way to get corporate management to listen. They had succeeded.

Our experience with Larry Reynolds and his engineers focused our thinking around the importance of trust and the need to help our clients understand trust building as fundamental to their success. Larry Reynolds was on the verge of failing, and he didn’t like it one bit. And Larry was no different from countless other people with whom we had worked. Most books don’t start with the notion of failure. But that is where we are going to start. Unfortunately, Larry Reynolds and his engineers are not unusual examples of what happens when trust begins to break down. Larry’s experience happens daily in hundreds, even thousands, of organizations. As a result, we believe if you read only one leadership, management, communication, or business book this year, it should be this one. We know from our experience that many people are like Larry. While they in fact can be trusted, they are not naturally trust-builders. The trust-building model we present in this book is practical and research tested in over sixty organizations throughout the world. Some say the model is common sense, but we know it is uncommon practice.

Wayne Hutchens, president of the University of Colorado Foundation, has a saying that fits what we know about trust in organizational life. Hutchens, in talking about the importance of focus, says, “The main thing is always the main thing.” As you read this book, we hope to convince you the main thing is trust and this main thing is fundamental to building and maintaining successful organizations. So, yes, in this chapter we begin with failure—distrust and betrayal—and its costs. We describe common myths about trust, when believed, contribute to distrust in organizations. We talk about the concept of organizational trust and why it is the “main thing” for organizational excellence.
Finally, we explore how we begin to develop trust traditions and how we make decisions to trust.

**The High Cost of Distrust**

“Trust dies but mistrust blossoms.”

—Sophocles, Greek playwright, 496–406 B.C.

The engineers’ distrust of Larry Reynolds’ competence when it came to introducing new medical products was close to derailing the overall success of the division. The company was about to pay a high price for not recognizing the negative ramifications of distrust and why it occurs. Unfortunately, often this type of distrust is easier than trust in many relationships. There are no surprises, no need to feel vulnerable, and no disappointments. I may feel disgust when you break your word, but I won’t feel betrayed because I expected you to fail me. Distrusting relationships are characterized by low interdependence; I simply won’t depend on you because I don’t think I can and I don’t want you depending on me. I don’t listen to your ideas because I don’t expect them to be worth it. I don’t expect you to produce anything of special worth, and I would not believe it if you did. Chances are we will never work together very effectively.

The global financial crisis that began in 2008 produced a history-making example of distrust, a situation we describe as a sweeping and almost unprecedented “trust crash.” The bond between creditor and borrower is built on trust and believing in one another. Indeed, the word credit originates with the Latin term, *credo*, meaning belief. Few would disagree distrust has replaced trust for many if not the majority of financial institutions. One banker with whom we work summed it up, “I never thought I would have to tell customers we are local, not tied in with the big guys; we are not taking any federal bailout money, and we aren’t giving bonuses to our executives. Just months ago,
being small and local was a disadvantage. The distrust has frac-
tured relationships for years to come. Now people distrust us for
no reason. We have to work hard to get them to trust us just
because of what others have done.” Distrust can have the fol-
lowing high costs for any organization.

Distrust Contributes to “We Versus Them” Behavior

“I know my work group is producing, but others aren’t. We
won’t share how we solved the problem because we will look
better if we win. You can’t trust others to give credit where it is
due. It is hard enough to trust those immediately around me, so
don’t ask me to trust people I don’t know.”

Over the years we have worked with IT departments in
many companies. In several instances we have observed a “we
versus them” conflict between IT development and operations
groups. Developers are responsible for creating the technical
architecture required to build websites, databases, and other IT
systems. Those in operations support these systems so that cus-
tomers can use what has been built by developers. This delinea-
tion of roles makes sense. Developers spend their time creating
new systems, and those in operations provide support for these
systems to internal and external customers. Yet, in practice,
there are often significant issues of distrust between these two
groups. Often this is the result of how performance is mea-
sured. Developers are most often rewarded for meeting dead-
lines, while those in operations are evaluated based on reducing
system down-time. Developers have frequently reported to us
they don’t give operations people all of the information about
a system because they don’t believe they have the expertise to
understand the nuances. When a system has bugs or, worse yet,
crashes, it is a top priority for operations to find a solution. They
frequently distrust developers whom they believe did not give
them adequate system information and are not motivated to
help because of the need to abandon new projects in an effort
to solve problems for something already in use. This is a classic example of a “we versus them” approach leading to distrust.

**Distrust Lowers Employee Desire to Contribute to Productivity Goals**

Employees have expectations when they join an employer, often unwritten but important perceptions about what they can expect. Beliefs about job security, benefits, and concern for employee welfare, communication, and treatment from management all contribute to trust expectations between employees and employers. When employees believe their employer is either overtly or marginally “breaking” the expectations, many, if not most, employees cease to make extra efforts to produce. Downsizing is a perfect example of an organizational action strongly impacting trust and “breaking” expectations. The data suggest downsizing often leaves behind a workforce that is demoralized, angry, and discouraged. More important for the long-term viability of the organization—survivors often are cautious, unwilling to make decisions or take risks, and lacking in energy and commitment. A study by the American Management Association found 40 percent of organizations reported productivity had fallen after downsizing, and 18 percent reported quality had suffered. Morale was hit even harder: 58 percent said morale had decreased, and 37 percent of organizations reported employees were more difficult to retain. When employees no longer trust their employers, even rewards such as pay raises or promotions will not easily restore trust.

**Distrust Breeds Fear and Destructive Behaviors**

When managers fear what is going to happen from top leaders, when employees fear their supervisors, when competitor performance generates fear, or when the unknown simply paralyzes decision making, bad things happen. Individuals differ greatly in their responses to fear. Some attempt to get even or engage in
revenge, while others retreat from the situation and avoid solving problems. Hidden agendas, dishonesty, gossip, conflict, and denial flourish. The organization loses opportunities to solve problems.

We return to the global financial crisis as an example of unprecedented fear generating destructive behaviors. We confirmed our understanding of the crisis by talking with U.S. and international experts to help us understand the underpinnings of the fear associated with the financial crisis. We first talked with Jim Paulsen, chief investment strategist for Wells Capital Management, when he came to Colorado Springs for the Southern Colorado Economic Forum. Since 1983, Paulsen has been a frequent national commentator on a wide range of financial issues. Paulsen said to us and others attending the forum, “Fear itself, more than fundamental problems, is causing the crisis. Fear comes from the absence of trust. . . . We are running people out of business by fear.” He went on to assert, in his opinion, not one of the financial markets in 2008 was trading on fundamentals but they were, instead, trading on emotion and fear. Paulsen described the need for U.S. political leadership to sell the $700 billion relief package (TARP) to the public. To do that, leaders were forced to say the country was financially going under if the package did not pass the U.S. House and Senate. The President and Congressional leaders had to generate yet more fear in order to pass the package, resulting in the worst confidence crisis since the depression and the perception that we as a nation were without competent leaders. Paulson’s remarks reminded us of Barry Glassner’s description of U.S. society in the 21st century as becoming a “culture of fear.”

Paulsen was not the only one making this argument. On October 1, 2008, New York Times columnist and best-selling author, Thomas Friedman, wrote about being frightened for his country only a few times in his life:

“In 1962, when, even as a boy of nine, I followed the tension of the Cuban missile crisis; in 1963, with the assassination of
J.F.K.; on September 11, 2001; and on Monday, when the House Republicans brought down the bipartisan rescue package. But this moment is the scariest of all for me because the previous three were all driven by real or potential attacks on the U.S. system by outsiders. This time, we are doing it to ourselves. . . . I’ve always believed that America’s government was a unique political system—one designed by geniuses so that it could be run by idiots. I was wrong. No system can be smart enough to survive this level of incompetence and recklessness by the people charged to run it. . . . This is a credit crisis. It’s all about confidence.”

In late October 2008, we traveled to Granada, Spain, for the global SIETAR Congress. Discussions of the financial crisis were front and center. Nigel Ewington, founding director of both TEC International Diversity Management and WorldWork Ltd., predicted a “downward spiral of trust in business leadership because of the present global situation.” Another WorldWork, Ltd. director, Richard Lowe, was even more specific. Lowe claimed, “The current global financial crisis is destroying trust. Rebuilding trust will become a major priority.” He went on to contend, and we agree, there will be less transparency during the downturn as senior managers keep to themselves when planning for an uncertain future. A Weber Shandwick/KRC Research survey released in November 2008 in USA Today supported our concerns. When asked whether company leaders communicated with employees about how the current economy might affect their organization, 70 percent said no, 1 percent did not know, and only 29 percent responded yes.

During the fall, 2008 U.S. election season, one of us received a direct mail piece that summed up the trust crisis, “You know you can’t trust these guys—Wall Street, Lehman Brothers, AIG.” For us, Sasha Abramsky, a journalist and lecturer at the University of California–Davis best describes what can happen when fear replaces trust: “In a world of panic responses, economic downturns can all too easily morph into full-scale calamities.”
Distrust Makes Crises Worse

Trust is difficult to regain once lost, and a crisis provides no time for repair. The examples from the financial crisis are multiple. However, they are by no means unique. When a chief executive officer attempts to explain a major product failure or a poor financial performance, distrust among customers or shareholders causes suspicion to rise. People are more likely to pursue litigation following a crisis when they distrust what they have been told or experienced. This is particularly true in the physician-patient relationship. A number of studies note that poor communication and a lack of trust are more likely to lead to malpractice litigation than a doctor’s performance—even when something has clearly gone wrong and it is the physician’s fault. In one study of malpractice depositions, communication and trust breakdowns between the physician and the patient were noted in 70 percent of the cases. Doctors with no malpractice claims against them used a variety of trust-building strategies, including checking for patient understanding, educating patients about what to expect during their visits, and encouraging patients to talk.\(^{13}\) Clearly distrust in the physician-patient relationship was a significant factor in escalating a medical error into a malpractice suit.

Distrust Is Expensive

Most would agree the U.S. Sarbanes-Oxley Act with its myriad of financial compliance obligations costs money and is fundamentally related to breaches of trust.\(^{14}\) Monitoring and surveillance systems, highly prescriptive contracts, extensive rules and regulations, low supervisor to employee ratios, and a host of other organizational processes require substantial resources both human and financial. In one way or another, these business decisions or processes are reflective of distrust.

We are not arguing that distrust always is wrong, but that it is fundamentally more expensive than trust. And we believe