

# *Social Trust*

## *What It Is and How To Build It?*



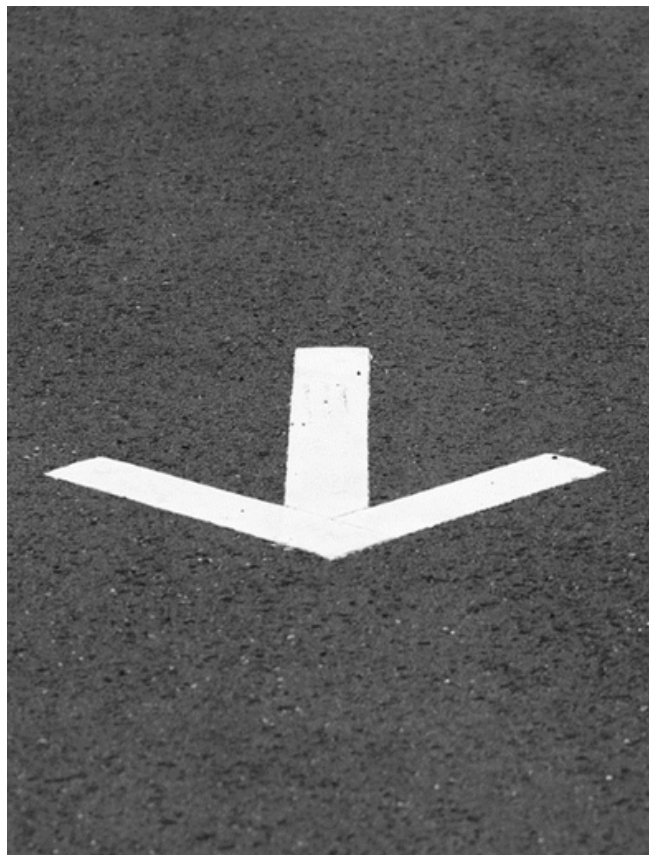
## **Social Trust - The Key to Resilience**

Over the years, our work as trusted advisor to a myriad of clients has taken us inside the Corporate Boardrooms and Executive Suites of organizations of all sizes, in all sectors and in more than a dozen countries. We have been privy to the struggles of many diverse senior leadership teams and have come away with valuable insights gained through conversations and surveys related to our core work on organizational transformation, performance effectiveness and culture.

While every organization likes to think it is somehow unique, we have noticed one similarity that stands out and has drawn our attention and interest for over 20 years.

### **The issue? Trust – or rather the lack of it.**

Over the past several months (during the Covid 19 crisis), we have been following the many journalists, researchers and others who have been talking and writing about the issue of social trust and how it impacts the way people behave. The consensus view is that those communities, cultures and countries with a high level of social trust have been coping better than those where trust is either fragile or virtually non-existent.



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We know there are a group of countries with very high historical levels of social trust:

**Norway**  
**Finland**  
**Sweden**  
**Denmark**  
**Iceland**

Then a second tier of countries, who lie just a little back of the leaders, this includes:

**Canada**  
**Switzerland**  
**The Netherlands**  
**New Zealand**  
**Australia**

Guess what?

The social scientists, economists and anthropologists who study these types of things are observing the exact same thing that we have observed in organizations. When it comes to trust and its relationship to the overall health of the culture, it seems that there is a clear correlation.

In both cases, the conclusions are the same.

- Trust matters
- It is a genuine differentiator
- Social capital is essential to community harmony
- Trust impacts individual, team and organizational performance
- It is the “currency” leaders need in order to lead, especially in difficult times

In a nutshell:

- Trust is the glue that hold groups of people together
- Trust builds up the social capital goodwill bank of an organization
- Trust leads to resilience, confidence and the ability to cope with uncertainty
- Trust fuels optimism which, in turn, allows people to get outside their comfort zone

In this paper we will share some facts, opinions and recommendations we believe leaders should consider as they try to navigate their way into the future.



## **Social Trust - Societal Trends**

As Canadians, we have long clung to the belief we are somehow different or better than our neighbours in the United States and, in some important ways, much more like our cousins in the Nordic countries and the lowlands of Europe. It has long been the case, in Canada, that we have derived pride from the fact we leave the doors to our houses open while some are building walls to keep the “others” away.

In short, we think of ourselves as a more civil society, more willing to cohabit and collaborate with people who are different from us, more willing to work for the common good and more accepting of the “others”. We don’t have the same reflexive reaction to fear people who are different from us and we know that cohesion is one of the important by-products of high levels of social trust.

This is not the case in all countries and certainly not the case in all organizations. To be balanced and fair, it’s not even the case in all companies located north of the 49th parallel.

The fact is, social trust has been in decline for many years. Study after study has shown this to be the case and it has been analyzed by a number of highly reputable sources and published in journals such as the:

- United Nations World Happiness Report
- Gallup World Poll
- Edelman Trust Barometer
- European Social Survey
- Transparency International Index
- Pew Research Centre
- European Values Study
- World Values Survey
- FM Global Resilience Index



How is it reflected in broad terms?

It reveals itself in declining levels of trust in government, the media, politicians, leaders and their organizations. The data is overwhelming, and as we are being reminded almost every day:

- Trust the science
- Follow the data

## **Trust Matters**

There is a proven link between trust and several other important values and/or virtues which are important not just in our broader society, but in our organizations as well. High on the list of these collateral benefits are tolerance and respect, both of which live best and grow stronger in the bright sunlight of social trust, not in the dark shadows of narrow minded intolerance.

Here is what we know:

- Trust is good business
- Trust saves money on control measures
- Trust serves as an antidote against corruption
- Trust is what ensures people willingly help other people
- Trust is the crucial thread of our social fabric and a positive outlook
- Trust is what builds social cohesion and allows people to comfortably collaborate
- Trust is what allows people to overcome adversity, bounce back and carry on stronger

On the other hand, when the level of trust is low it fuels a corrosive cynicism that slowly eats away at the health of the organization or the communities in which we live and work.



## Trust is a Genuine Differentiator



Business is a contact sport. It thrives on competition. There are winners and losers. We are okay with that and understand the many benefits of responsible capitalism. We take comfort in knowing that, in any healthy, high functioning, market driven setting, there is a natural system of checks and balances – a self correcting mechanism.

This has been known as the economic principle of creative destruction and it plays a critical role in market efficiency and economic prosperity. The healthy survive. The weak struggle or die.

As a result, it is a puzzle to us why any good leader, who you would think should be constantly searching for the things that will radically differentiate their business or organization in order to create unique value and sustain relevance, would overlook or ignore one of the most obvious ways to drive serial success.

They need to have looked no further than trust to find the answer! The fact of the matter is, in both economical and psychological terms, trust is a value contributor. Trust brings with it a powerful energy that can be unleashed and directed to drive both performance and profits while, at the same time, serving to maximize social cohesion.

- Why then is trust so often overlooked as a driver of performance?
- Why is it that trust levels are allowed to remain so low?
- Why don't leaders pay more attention to their trust deficit?
- Why don't organizations practice radical candour in tracking their Trust Index?

The only answers we have ever been able to come up with are:

- The relationship between trust and business success is not well understood
- Leaders are afraid of trusting the fact that trust is a performance enabler
- It's takes time and sustained hard work to build

## **Trust Impacts Performance**

Given the relationship we believe exists between trust and performance, it might be worthwhile summarizing the many benefits that can be realized when the link is understood and acted upon.

Simply put, we believe social trust builds:



### **AUTHENTICITY**

- Allowing people to tell the truth quickly - rather than to lie slowly

### **COLLABORATION**

- Ensuring people work towards common goals - rather than in silos

### **CREATIVITY**

- Unleashing new ideas - knowing they will not be dismissed or harshly judged

We also believe it helps release:

### **POTENTIAL**

- Ensuring people stretch themselves to raise the bar - on themselves

### **CUSTOMER LOYALTY**

- Providing them with confidence in the relationship - not just the transaction

### **EMPLOYEE ENGAGEMENT**

- So that more people are willing to release more - of their discretionary investment

Finally, we also know it helps accelerate:

### **LISTENING**

- Allowing people to be heard and - believe they have been heard

### **COMMUNICATION**

- Understanding that with transparency - the worst truth is still better than a lie

### **LEARNING FROM MISTAKES**

- Building resilience - while reducing waste, finger pointing and retribution

## ***Trust is the "Currency" Leaders Need***

Let's set the record straight.

- No one ever said leading an organization was easy - it's not
- No one ever promised perfection from their leaders - it doesn't exist
- No one ever suggested leaders are somehow above the rest of us - they aren't

But this we do know - leaders can only lead when they have willing followers. While it is true that sometimes throughout history this has produced bad outcomes, the truth remains that a leader can only take an organization so far on their own. They need believers who will follow.

Followership requires trust and, without trust, the leader risks standing naked when it matters most. We would even go so far as to argue the "permission" to lead actually comes from the followers and can be measured by how much they trust the leader and his/her leadership team.

Any leader who does not have an explicit strategy and a comprehensive plan to raise the level of social capital (both their own and that of their organization), through an all out effort to enhance social trust, is putting themselves and their organization at risk.

In the process, they are showing careless disregard and benign neglect.

Either way, they will pay a price!





## ***How to Build Social Trust***

People love lists and so we have one of our own when it comes to building social trust. The fact of the matter is, it's a complex issue because it deals with people, their psychology and their makeup. While the list itself is not complicated, the act of putting it into action is more difficult. In any event, here are some of the things you will need to do.

### **BE MORE INCLUSIVE**

- Proactively and intentionally reach out to people who are not like you

### **SIMPLIFY DON'T COMPLEXIFY**

- Focus on the clarity of the message you are trying to convey

### **BUILD COLLABORATIVE MUSCLES**

- Search for the optimal outcome, not the lowest common denominator

### **MAKE HUMANITY MATTER**

- Be people centric, design your organization on human principles

### **PROMOTE THE GREATER GOOD**

- Hire and promote those who have a stewardship mindset

### **STRENGTHEN ACCOUNTABILITY**

- Don't confuse kindness and tolerance with the acceptance of complacency

### **PROMOTE TRANSPARENCY**

- Reward people who tell the truth, even when it smells bad

### **SOLVE THE REALLY BIG CHALLENGES**

- Conserve your energy for the things that really matter

### **DOUBLE DOWN ON COMMITMENT**

- Seek out people who keep their promises and have a high Say/Do ratio

### **BUILD RELATIONSHIPS**

- Cultivate networks, invest in them and build new ones

### **GIVE BEFORE YOU TAKE**

- Expect more of yourself before you ask for more from others

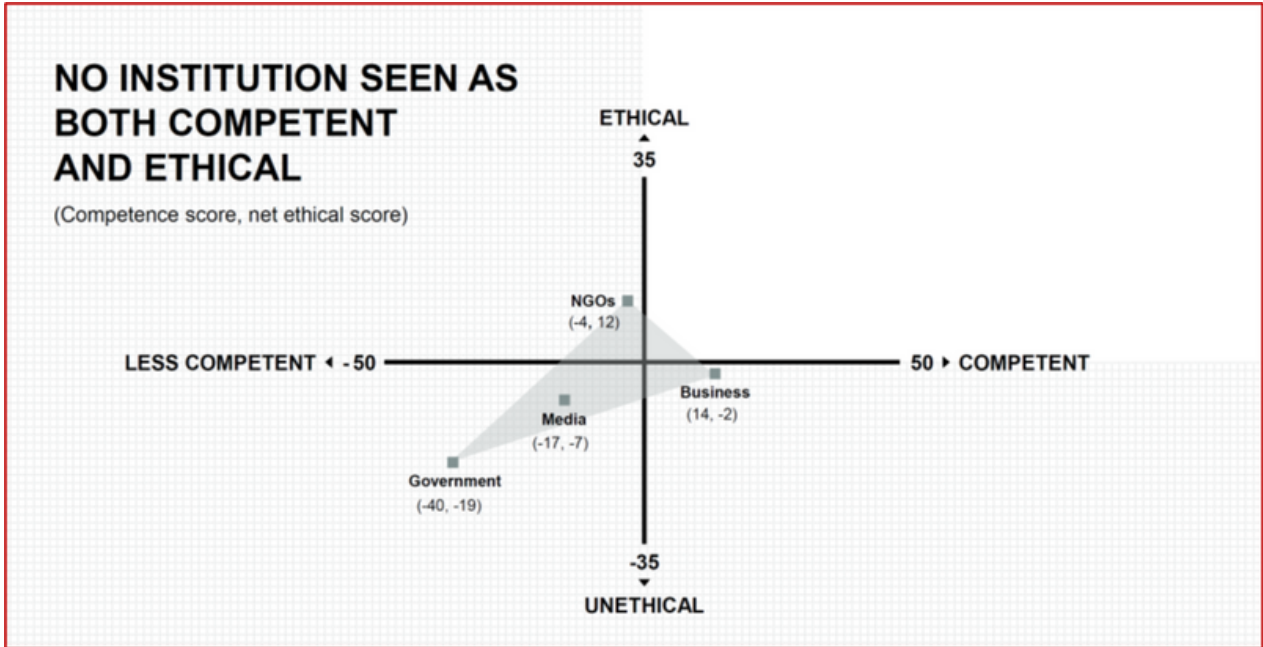
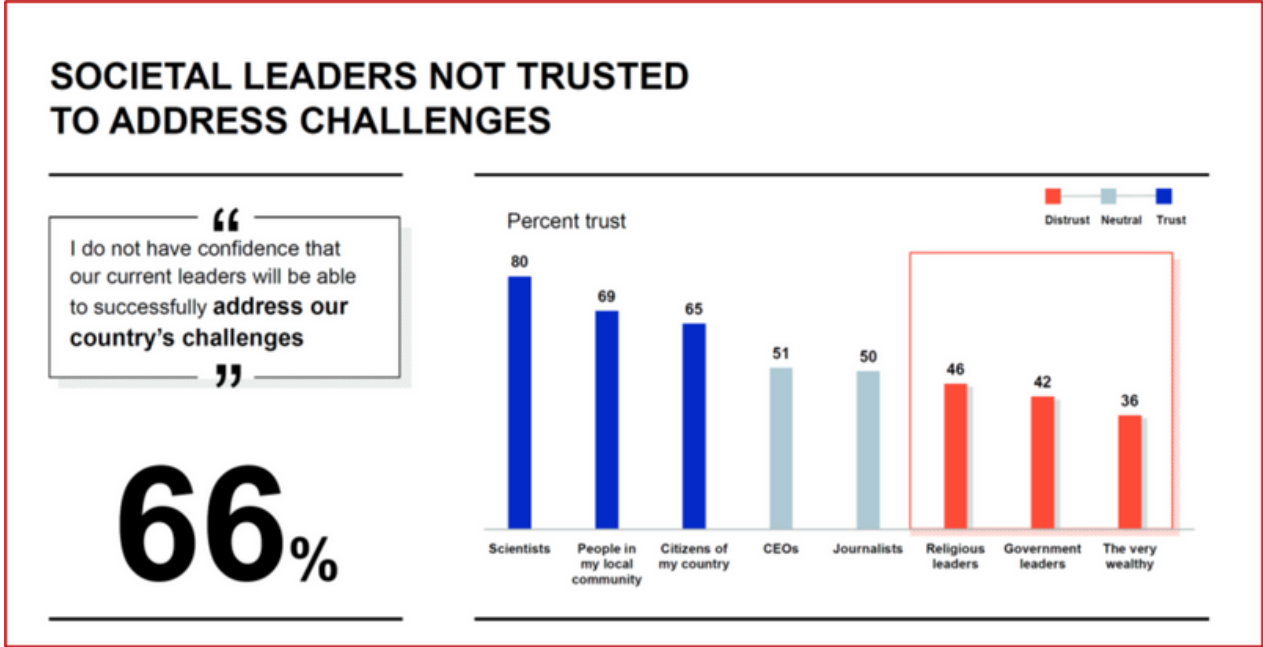
## *Summary*

As we exit the period of crisis born out of the dual Black Swans of Covid 19 and the resulting economic turbulence it caused, we will inevitably need to have learned some important lessons and find ways to apply them going forward. It would be our hope leaders at all levels will take stock of the trust level inside their organization and resolve to improve it. In the modern organization, that means investing in the tools and practices we know build social trust and social capital.



## APPENDIX

Some key takeaways from the 2020 Edelman Trust Barometer  
[www.edelman.com/trustbarometer](http://www.edelman.com/trustbarometer)



## APPENDIX (cont'd)

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