

WHITE PAPER

for HR leaders on how to build trusted C&B practices.

EMPLOYEE TRUST

the foundation of high performing organizations

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Executive summary

This white paper addresses the questions of **WHY** and **HOW** to build C&B practices (policies, processes etc.,) that are trusted by employees.

WHY?

- The level of employee trust directly correlates with the eight strategic areas of any business. Building or losing the trust of employees has an exponential effect on the results of the company.
- Research shows that current levels of employee trust are at a historic low.
- Maturing online platforms host large amounts of peer-to-peer exchange, measuring experiences in all segments of the market. Employee experience is no exception. Consequently, trusted companies will experience a boost of employee activism, while non-trusted companies will face damages.
- Most employee-company interactions are generated - directly and indirectly - in the functional domain of compensation and benefits management. Such interactions are repeated year-after-year, many times by many people.

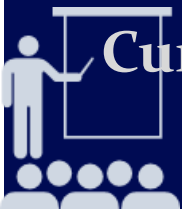
Identifying and acting on opportunities to enhance the level of employee trust contributes to the growth of a business at multiple levels. Failure to do so gives competitors the chance to gain unbeatable advantages.

The foundations of trust are built on individual interactions. C&B policies and procedures determine the 'what' and 'how' of such interactions in their functional/practical context..

Establishing these practices (policies, processes, templates and employee touchpoints) correctly, removes significant obstacles from maximizing the trust of employees.

- The assessment of C&B practices against the criteria of “The Trusted HR Practice” provides management with valuable insights and a solid baseline for further optimization.
- The application of the correct degree of detail in assessing the relevant attributes of trust, enables assessors to arrive at nuanced and clear findings.
- The design of feasible solutions, based on the opportunities identified during the assessment, forms the basis of the optimization of C&B practice. The designed solution takes the realities (strengths and limitations) of the company’s culture into account.
- Training in the skills which are necessary for managers and HR practitioners to handle concrete employee touchpoints, provides a solid basis for the roll-out of new C&B practices.

HOW?



Current low employee trust levels hit business results

A great opportunity to excel

Stakeholder-specific strategies to enhance the trust of stakeholders

While trust is a comprehensive notion, it is always observed through a lens constructed from the values of every individual. This results in substantial differences in individual understandings of what trust is.

E.g., The public may consider a company as a ‘trusted’ business when demonstrating a set of values driving responsible and fair behaviour. At the same time, a business may consider a company ‘trusted’ when it delivers on stakeholders’ expectations¹.

The core (the common ground) of trust can only be captured and described using a relatively high level of abstraction. Companies need to translate this core into stakeholder-specific strategies in order to enhance the trust of each of their stakeholders. Clarity about this core drives **alignment** among such strategies. Alignment is key in order to avoid the negative impact of potentially conflicting views about the definition of trust from various stakeholders.

The level of employee trust influences key strategic areas of business

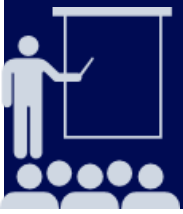
HR practices, by increasing employee trust in management, capitalize on potential in the following strategic areas of any business:



- ① operational excellence (efficiency)
- ② quality²
- ③ customer experience
- ④ innovation³ and entrepreneurship
- ⑤ employee retention⁴
- ⑥ attraction (new talent)
- ⑦ adaptability (through the increased speed of rolling out changes)
- ⑧ WOMM⁵ (word of mouth marketing through online employee platforms & employee activism)
- ⑨ resilience⁶

A company which outperforms its competitors in these areas generates a huge competitive advantage.

“After 20 years of studying the experiences of more than 10 million employees annually in over 50 countries, Great Place to Work has found a trust-based culture to be a strong driver of successful business.”⁸

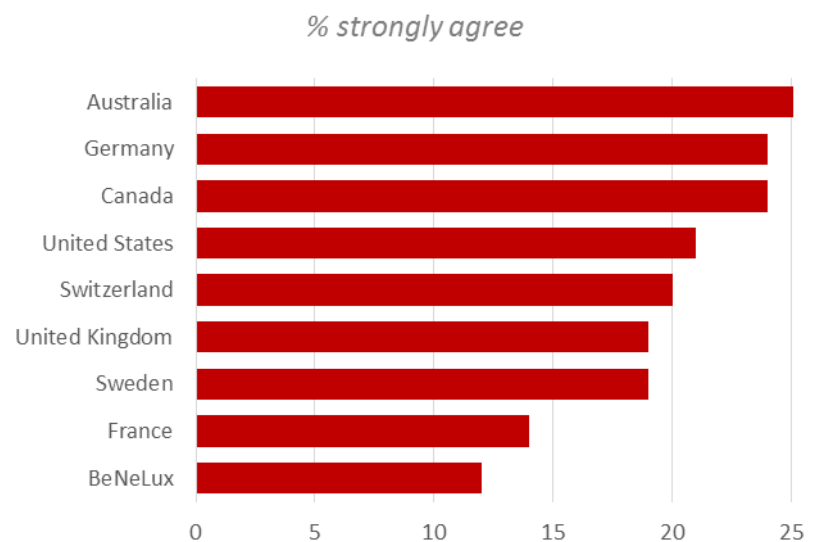


Employee trust is at a historically low level – a great opportunity to excel

In the period from 18th June to 1st August 2017, Weber Shandwick conducted “The Employer Brand Credibility Gap” research in 19 markets. Researchers interviewed 100 randomly selected full-time employees in each market. Among many other relevant insights, the survey gives a striking picture of the level of employees’ trust in their company.

Survey question:

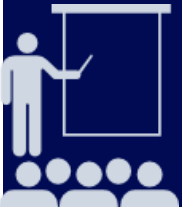
“What my employer portrays about itself publicly matches what it’s like to work there”



There are numerous companies and institutions conducting regular surveys and research to measure the level of trust and/or its attributes (Edelman⁹, PwC¹⁰, World Economic Forum¹¹, PayScale¹², Great Place to Work¹³, Who Group¹⁴, Weber Shandwick¹⁵ etc.). The research of Weber Shandwick is one of the most recent and most explicit on employee trust and covers various markets (19 in total). A similarly explicit research project on employee trust in Australia conducted by the Who Group in 2014¹³, confirms the results of the Weber Shandwick report about Australia.



These figures are shocking. However, they also put the spotlight on a **great opportunity** for companies to raise the level of their people processes and value propositions above that of their competitors.



Maturing online platforms convert the level of employee trust directly to the bottom line

Online collaborative (consumer and group) platforms are maturing. The trust of customers towards brands and companies is expressed and shared widely on these platforms, affecting (both positively and negatively) the top line of those brands and companies. In the world of online platforms for information exchange, the reputation of the company has become, more than ever before, a company's most valuable asset. This was already the case in 2012, at the time of Rachel Botsman's iconic speech at TED¹⁶, and since then the number of these platforms and the level of their maturity has significantly increased.

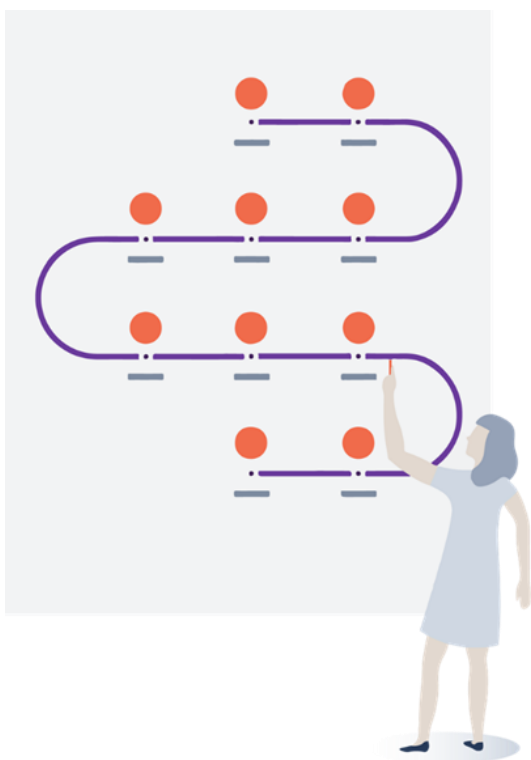
The online platform of tomorrow (Glassdoor), where employees, ex-employees and applicants, share their experiences and score the "trustability" of an employer, is probably already out there somewhere.



This evolution means that the level of employee trust expressed on these platform(s) will soon have a direct impact on the quality and cost of human resources the company can attract and retain.

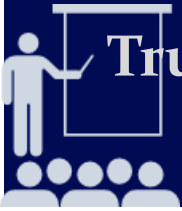
Companies need trusted practices to balance and benefit from this evolution.

Translating the findings of research into pragmatic programmes is a major challenge¹⁷



In the last decade, scientists and consultants have performed extensive research and analysis on trust and its dimensions, dynamics and impact on business (see endnotes). Solid evidence has been found on the direct correlation between the level of employee trust in management and strategic areas of business.

It is a major challenge for organizations to translate the concept of trust from theory into practice. Current HR practices lack pragmatic programmes which provide management with an efficient set of tools to build and sustain the trust of their employees.⁹



Trusted HR processes needed

A business-critical challenge for HR leaders

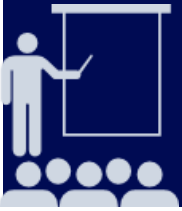
Current HR practices are based on the wisdom of “recognizing that the smallest gap between what the company says and what it does will be exposed and trust will be damaged”.¹⁸

Employee surveys are the most common tools to measure employee engagement. The applied questions are standardized, enabling companies to obtain external benchmarks. However, despite its obvious benefits, this feature of the surveys limits companies to drawing purely generic conclusions. There is further research required to translate such conclusions into pragmatic solutions.

Internal communication is a great way of sharing messages from senior management to clarify the company’s mission and its values. Management needs to balance the dosage of these campaigns otherwise, if seen as propaganda, the efforts may become counterproductive.

Forming **self-directed teams** is a current practice used by companies to empower their employees. It is a powerful way to increase employee engagement and trust, although the operating structure of many companies is not suited to this model. The rapid spread of the agile way of working in various industries - where suitable - will increase the importance of this approach.

Leadership development programmes are key to providing managers with important insights, methods and skills about building and sustaining the trust of their employees. For long-lasting results, repetition of the programmes is necessary. When the framework in which managers connect with their employees is setup in a way that supports developed leadership and management skills amongst them, it can only result in enhanced employee trust.



Though these approaches have a positive impact on the level of employee trust, the impact remains limited. The overall quality of interactions with employees needs to be improved in order to have direct and sustainable impact on the level of their trust.



Day-to-day processes generate the vast majority of company-employee interactions

Day-to-day business processes generate the vast majority of interactions between a company and its employees. Internal communication campaigns and contact with leadership are only the tip of the iceberg.

Being trusted requires more than congruence

The groundbreaking work of Stephan M.R. Covey in his bestselling opus ‘The Speed of Trust’² gives a detailed anthropological description of all the ingredients of trust. Congruence is just one of the ingredients of integrity. Moreover, trust is a much broader notion than integrity; it is about capabilities, results and intentions as well.



Improving compensation & benefits processes enhances employee trust

C&B processes generate a large number of complex and emotionally sensitive interactions



C&B policies and processes generate a large number of complex and highly sensitive interactions between the employees and the company.

Getting those interactions right or wrong affects the level of trust of each employee, multiple times per year.

The specifics of these interactions:

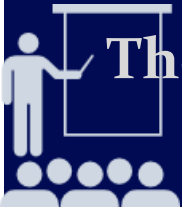
- High technical complexity,
- Hyper-sensitivity and
- Confidentiality

Given these specifics, it is not evident at all how to optimize them for enhancing and sustaining trust.

The level of trust of the employees in a C&B interaction is determined by:

- a. the framework (HR policy, process, templates, systems, technical knowledge of the interacting parties) in which it takes place and
- b. the leadership competencies of the line manager or HR practitioner, who interacts with the employee

The framework of the interaction is a matter of design and implementation (of policies, processes, systems, technical training etc.).



The 5 steps of a comprehensive C&B framework to build employee trust

The 5 steps of a comprehensive C&B framework to build employee trust

Policies and procedures are, by definition, designed to replicate the same interaction many times by many people. When their setup is optimized, they help managers to sustain trust-building practices. Top-down communication and training initiatives will maximize the effect of optimized C&B practices.

The development of a comprehensive C&B approach to build trust involves the following steps:

- Review C&B policies, procedures, the applied templates and each employee touchpoint which is generated by those processes. Assess each key detail against the requirements of the attributes of trust.
- Design trusted solutions and update the C&B policies, procedures and templates. (The solutions also need to be aligned to the current realities of the company - culture, market position, etc.).
- Train line managers and HR practitioners in the optimal ways to handle each concrete employee touchpoint.
- Train the employees, line managers and HR practitioners in applied C&B policies and processes.
- Add detail to the core definition of trust and how it links to the company's values, through internal communication campaigns.

This approach addresses both the **WHAT** and the **HOW** of the required actions. It provides people managers and HR practitioners with the tools and the skills to capitalize on the trust-building opportunities of the interactions generated by C&B processes.



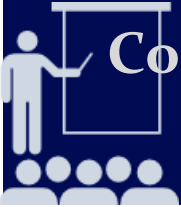
Line managers, who sit at the table today and review their employees, will be on the table tomorrow, being reviewed by their managers There is a correlation between the engagement of the manager (x) and the engagement of his/her employees (x^2). It is similar to the way customer experience (x^2) level correlates with the level of employee engagement (x).



Key features of the first step towards trusted C&B practices

The must-have features of the method and process of assessing C&B policies against the attributes of trust are the following:

- ① The application of a maximum of 8-10 key attributes of trust results in simple and clear definitions. At the same time, the analysis delivers an adequate level of detail and captures all relevant nuances.
- ② The strategic C&B management competence must be represented by the team.
- ③ One-by-one assessment of the C&B processes ensures focus and captures all relevant details. It keeps the process scalable to the priorities and the available resources.
- ④ Keeping the size of the project team at the absolute minimum is key for maintaining confidentiality in this phase of the development process.
- ⑤ Structured assessment by humans (not computer programs) captures all relevant nuances, which are specific to the company.
- ⑥ Smart tools allow flexibility and help to structure the assessment. They also ensure speed and efficiency in drawing the baseline.
- ⑦ The assessment of the broad context of any concrete C&B area forms an important part of the baseline. It includes the vertical and horizontal integration of the C&B process with, and alignment to, other HR and business processes.



Conclusion

The success of any organization cannot be sustained without the trust of its employees. The rise and wide spread of collaborative online platforms places extreme focus on employee trust.

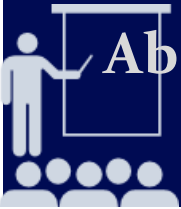
Currently, levels of employee trust are at a historic low. It is a great opportunity to gain advantage in the market for companies which excel in enhancing employees' trust.



The quality of individual interactions lays at the foundation of trust. In work places, the area of compensation and benefits (C&B) management is the largest and most loaded playing field of employee-employer interactions. Designing and applying trusted C&B practices removes significant obstacles that prevent companies from being trusted by their employees. Trusted C&B practices optimize a large number of very sensitive employee touchpoints.

For more information about employee trust and the development of a trusted HR practice please visit www.ebtt.biz or e-mail gyorgy.czanik@ebtt.biz.

 <https://www.linkedin.com/in/gczanik/>



About the company



The EBTT (Enhance Business Through Trust) Program has been developed by GCZ International HR Services.

GCZ International HR Services is a division of bvba Czanik & Vanhout. It specializes in advice and services in the area of managing compensation and benefits.

The EBTT program provides clients with crisp and pragmatic insights into the ways to enhance levels of employee trust through optimized compensation and benefits practices. It includes the assessment of the current C&B practices of the clients, the facilitation of agile in-house solution design initiatives and the design and implementation of new policies and processes.

For more information, visit www.ebtt.biz

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Endnotes

- ¹ World Economic Forum – The Evolution of Trust in Business: From Delivery to Values (2015) – page 3 & 12
- ² Stephen M. R. Covey: The Speed of Trust
- ³ World Economic Forum – The Evolution of Trust in Business: From Delivery to Values (2015) – page 8
- ⁴ World Economic Forum – The Evolution of Trust in Business: From Delivery to Values (2015) – page 9
- ⁵ Great Place to Work® – Annual Report (2017) – page 4
- ⁶ World Economic Forum – The Evolution of Trust in Business: From Delivery to Values (2015) – page 10
- ⁷ Great Place to Work® – Annual Report (2017) – page 6
- ⁸ Great Place to Work® – Annual Report (2017) – page 4
- ⁹ Edelman – Trust Barometer – Global Report (2018)
- ¹⁰ PwC – Global CEO Survey (2018)
- ¹¹ World Economic Forum – The Evolution of Trust in Business: From Delivery to Values (2015)
- ¹² PayScale – Compensation Report (2018)
- ¹³ Great Place to Work® – Annual Report (2017)
- ¹⁴ Who Group – Employee Engagement & HuTrust Study (2014)
- ¹⁵ Weber Shandwick – Employer Brand Credibility Gap (2017)
- ¹⁶ Rachel Botsman at TED Global 2012 in Edinburgh
https://www.ted.com/talks/rachel_botsman_the_currency_of_the_new_economy_is_trust#t-25470
- ¹⁷ PwC – Trust: The overlooked asset (2010) – page 3
- ¹⁸ PwC Resilience: Examining the leadership, trust, organisational performance and societal value equation (2013) – page 7
- ¹⁹ PwC – Trust: The overlooked asset (2010) – page 7