
Driving Productivity, Engagement and Innovation by Building Trust

by Carolyn Lane, published in *Human Resources*, December 2008/January 2009 Edition.

There's nothing more disheartening than the recital of a well-known problem when the possible solutions all look like candidates for the too-hard basket!

No matter whether we're working in the public, private or not for profit sector, we KNOW productivity is a problem. Our statistics are dismal: New Zealand is currently ranked 22nd out of the 30 OECD countries in the productivity league table, and an hour worked in New Zealand typically generates 30 per cent less output than an hour worked in Australia. (NZ Treasury Report April 2008).

So, how are we going to climb our way out of the current economic ditch? Increase our productivity of course! How are we going to delivery more value for money in vital public services? Increase our productivity of course!

But what's the basis of the productivity problem? We work hard. The 2006 Census indicates that a significant proportion of the total workforce are working 50 hours or more per week. We're smart. We're well-educated and great with the no. 8 fencing wire.

There's a temptation to blame the government – "it's compliance costs". Sadly no, we're rated as the easiest country in the OECD to do business in, in the latest "Doing Business" report.

So then how are we going to increase our productivity?
The room goes silent.

In a production environment, the eyes will often turn first to the engineers. Is there a smart investment in technology we could make to get a breakthrough? Well, perhaps.

But then, there as everywhere else, the eyes turn to HR. It's a people thing isn't it, and you folk should have the answers!

As smart NZ HR people, you'll be able to recite the Seven Drivers of Productivity.

You'll have thought about possible interventions, and worked on the ones you can implement. But you might agree with Colin James (Management Magazine Oct 08) that "workplace productivity improvements have yet to bear fruit".

Seven Drivers of Work Productivity

1. Building better leadership and management.
2. Organising work.
3. Networking and collaborating.
4. Investing in your people and their skills.
5. Encouraging innovation and using technology to get ahead.
6. Creating productive workplace culture.
7. Measuring what matters

For more, go to:
www.workplaceproductivity.govt.nz

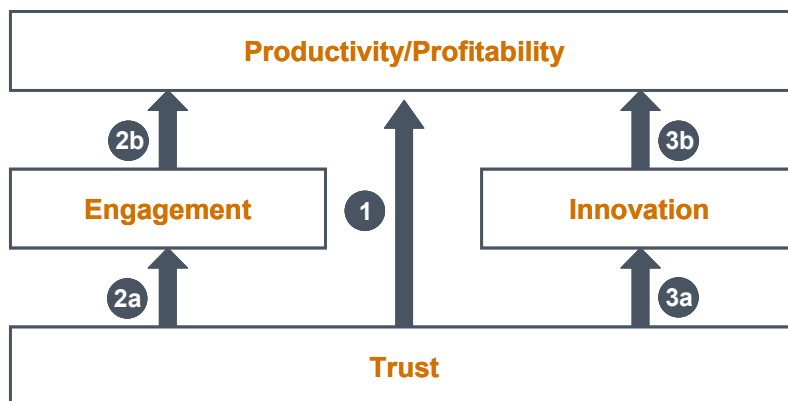


So – I’m wondering if we’re missing something deceptively simple. Trust.

We all know how it works in our own lives. When we trust someone to do something, we let them get on with it. We don’t waste time double-instructing and double-checking. When we’re trusted, we don’t waste time covering ourselves or playing politics, we feel free to innovate and experiment.

It’s not just at a personal level, trust is also fundamental to employee engagement, to innovation, and wider, to brand management, strategic alliances, customer relationships and building social capital. Let’s just stay with the organisational factors though – trust, engagement, innovation and productivity (or profitability, depending on your sector).

There is plenty of research that makes the connections.



Link 1: Trust is directly related to Productivity and Profit.

In a Watson Wyatt 2002 study, high trust organizations outperformed low trust organisations in total return to shareholders by 286%. Fortune Magazine’s ‘100 Best Companies to Work for in America’ earned over four times the returns of the broader market over the prior seven years. Trust comprises 60 percent of the criteria to make the top 100.

i4cp is the world’s largest private network of corporations focused on improving workforce productivity. Their 2008 ‘Taking the Pulse: Organizational Trust’ survey found a full 40% of low-performing companies feel their organisations do not nurture trust, while only 16% of respondents from high-performing companies feel that way.

Link 2: Trust is directly related to Engagement – and Engagement to Productivity

Link 2a. Blessing White’s 2008 worldwide survey reported “29 percent of North American employees were identified as ‘fully engaged.’ Of these, 91 percent trust their own manager and 80 percent even trust senior management. The correlation is inarguable.” The Asia-Pacific results show higher general levels of trust and engagement; the correlation is the same.



So – if you’re in an organisation that does Engagement Surveys and managers ask “what can we do to improve this?” – look straight at Trust. Gallup’s research shows that 96% of engaged employees – but only 46% of actively disengaged employees – trust management.

Link 2b. Hewitt Associates partnered with Michael Treacy, author of “Double-Digit Growth – How great companies Achieve It No Matter What” and found that employee engagement at DDG companies exceeds average employee engagement at single digit growth companies by over 20%.

In NZ, the EEO Trust surveyed staff of their EEO Employers Group, and found that “Discretionary effort also showed a strong relationship to employee engagement, with 88% of those in the top group on employee engagement strongly agreeing that they would put in extra effort to get a job done when needed, compared with 42% in the bottom group for employee engagement.

Self-reported productivity had strong and clear positive relationships with both work-life culture and employee engagement ... This finding was confirmed by statistical analysis which suggests that employee engagement has the strongest relationship with productivity, with work-life culture as an intermediate effect.” (NZEEO Trust: Work-Life Balance, Workplace Culture and Employee Engagement Survey Report 2007).

We all see it: a friend’s son was telling her the other day how much extra energy he’s putting in now he’s working for someone who takes an interest in him and relies on him.

Link 3: Trust is related to Innovation, and Innovation to Productivity

Link 3a. Innovation and creativity demand a number of important conditions to flourish, including information sharing, an absence of caring about who gets the credit, a willingness to take risks, the safety to make mistakes, and the ability to collaborate. And all of these conditions are the fruits of high trust. (Stephen M R Covey, and too many other researchers to reference here).

Link 3b. The NZ Treasury identified five drivers of productivity – innovation is one, and they’ve got the research behind it. (Productivity Paper 08/05. April 2008). The Dept of Labour’s Seven Drivers work agrees.

So, the connections are compelling. Trust directly drives productivity, and it’s buttressed by its effect on Engagement which provides the discretionary effort which also supports productivity, and by its effect on Innovation, another key driver of productivity.

So far so good. You have the evidence. Trouble is, trust is a touchy subject. You don’t want to raise it as a problem unless you can also provide good commonsense solutions that senior management (the least trusted group in all the surveys) would find acceptable.

Fortunately trust is now discussable, and being spotlighted on the global stage. In September Stephen M R Covey (son of the seven habits Covey) presented ‘The Speed of Trust’ to 1,500 leaders from over 60 countries at the World Economic Forum in China. We hope they’re

applying some of the new thinking as trust in business plunges! Covey's book 'The Speed of Trust' is on the New York Times' bestseller list for its 30th week as I write this, and being translated into over 20 languages. If you think trust might be an issue at your place, you're obviously not alone!

What to do?

If it's the engagement survey that's causing concern, you're going to want to work on the trust relationships between managers and staff. Stephen Covey has identified 4 core capabilities and 13 leadership behaviours that build trust. For those organisations using Lominger, we've been able to map these across tidily. You will also want to look at the alignment of systems and processes with the espoused culture and values of the organisation. It's no good talking about trust when every system screams distrust.

Is it the bottom line – a need to increase productivity and reduce cost? You'll want a 'whole system' discussion with your colleagues in the leadership team, perhaps using the Seven Drivers as a diagnostic tool to identify opportunities, and then to get clear agreement that you will implement changes in a trust-building way. Then look at the Covey leadership behaviours you will need to demonstrate to maintain trust and commitment. Working on trust will give you a direct boost on productivity while you implement other changes.

Is a lack of innovation that's causing concern? Again you'll want an alignment review to look at the impact of systems, structures and processes on innovation. Do they support it or work against it? And equally as importantly, you'll want to actively work on creating a high-trust culture through leadership behaviours. Do leaders support and protect smart risk-takers, or let them hang out to dry if things go wrong? Do people get credit for their ideas? Is it safe or career-limiting to challenge the status quo? Innovation is all about trusting each other's character and capability.

There are some of us around who are keen to get a conversation going about Trust and its implications in NZ society. If you've been thinking about it too, email me carolyn@thoughtpartners.co.nz and/or my fellow trust advocates, Jane McCann jane@thoughtpartners.co.nz or Mary Henry maryhenry@eol.co.nz.



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