



TRUST: A PRIMER ON CURRENT THINKING

An Institute for Global Ethics Research Report

by

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1. Background

In 1999, in preparation for reviewing its corporate code of ethics, XYZ Company surveyed staff drawn from its 13 business units to find out level of awareness and attitudes to the existing code and some pointers for preferred changes. The survey identified six shared elements: *innovation*, *customer focus*, *teamwork*, *excellence*, *passion*, and *trust*.

While the first five terms represent essential values for a successful business, they are not necessarily *ethical* values. Their presence, in other words, does not ensure or promote ethical behavior, nor does their absence suggest a lack of ethics.

Trust, on the other hand, is widely seen as a vital ethical value. In fact, it appears to be a kind of portmanteau term, containing within it a range of moral concepts. If those concepts could be unpacked and unfolded, the result could lead to a code of ethics well suited to XYZ's activities. Such a code, rooted in the concept of trust, might also be expected to win broad support among XYZ's business units as something built on a familiar, proven idea.

To stimulate further thinking by XYZ staff on the values that lie within the scope of *trust*, this report begins by exploring definitional issues. It then examines the importance of trust in business. Next, it explores the attributes of trust. Finally, it looks at challenges to trust-building, and comments on the prospects for a global core of shared values growing out of the concept of trust.

2. What is Trust?

Trust is defined as "confidence in or reliance on some quality or attribute of a person or thing, or the truth of a statement" (Oxford English Dictionary). The definition makes a useful delineation between *confidence*, involving a mentally engaged investment of faith that things are or will be right, and *reliance*, which suggests a more rote, unexamined acceptance that nothing will go wrong. But while the definition steers us toward "some quality or attribute," it leaves us to determine what that might be.

Trust, as commonly used today, involves two subsidiary concepts: *trustfulness*, whereby an individual expresses a sense of confidence in others, and *trustworthiness*, wherein an individual acts so as to engender trust and be worthy of the confidence of others. When *trust* is used in a



business-related context, it almost always has the primary meaning of *trustworthiness*—inspiring customers, vendors, regulators, the media, and the public to feel confident in and rely on a person, team, organization, product, or service.

It is widely recognized, however, that one of the best ways to create trustworthiness is to act with *trustfulness*—first extending a sense of trust to others, so that they will trust you. This sense of reciprocity, in fact, is suggested by the adjective “mutual,” so often applied to trust. “Trust inevitably requires some sense of mutuality, or reciprocal loyalty,” writes British business economist and philosopher Charles Handy.ⁱ Or, as Canadian author John Dalla Costa puts it, “Dignity extended to employees and customers by the company creates the foundation for trust to be exchanged.”ⁱⁱ

Lest all this sound too coldly rational, American business consultants Robert K. Cooper and Ayman Sawaf put trustfulness at the center of their version of “emotional intelligence.” Trust, they write in *Executive EQ: Emotional Intelligence in Leadership & Organizations*, is

an emotional strength that begins with the feeling of self-worth and purpose that we’re called on to extend outward to others, like the radius of a circle, eventually reaching everyone on our team, and in our department, division, or entire company. The warm, solid gut feeling you get from trust—from counting on yourself and in trusting and being trusted by others—is one of the great enablers of life.ⁱⁱⁱ

For our purposes, then, we can recognize three aspects to trust:

Confidence, faith, belief, and reliance

A set of values or attributes in which one has such confidence

An active application of that confidence to self and others

3. The Importance of Trust in Business

The recent business literature identifies trust as a key factor in successful leadership and management. Robert Levering, co-author of *The 100 Best Companies to Work for in America*, identifies trust as one of the three key elements in his “best company” formula. “A great place to work,” he writes, “is one where you *trust* the people you work for, have *pride* in what you do, and *enjoy* the people you work with.”^{iv}

By contrast, lack of trust in a business context is seen as crucially debilitating. “If there is no sense of trust in the organization, if people are preoccupied with protecting their backs,” writes Manfred F. R. Kets de Vries of INSEAD, “creativity will be one of the first casualties.”^v



Why is that so? Laura Nash of Boston University helps explain:

Complex service systems and transactions require efficient teamwork, which cannot be secured without cooperation, which in turn cannot be achieved, even when mandated by law, unless trust and mutual respect have been established between the players. If an employee does not trust that top management cares about him (or her), it is unlikely that he or she will care to deal meticulously on behalf of that management.^{vi}

From his experience in the trenches as CEO of a Texas-based national mechanical construction and service company, Jack Lowe Jr. makes the same point about the efficiency of a trust-based organization—particularly in a global business environment. In an article titled “Trust: The Invaluable Asset,” he writes that

It is impossible to attain and maintain global competitiveness in serving customers without continuously, aggressively improving the processes we use to serve those customers, and this improvement is impossible without the eager participation of everyone from the front line through middle management to the executive office in our organizations. We cannot get this eager support unless we have a high-trust environment. . . . Our relationships with our customers and our suppliers and our internal relationships cannot adapt quickly enough to the demands of continuous change and continuous improvement unless we have a high-trust culture.^{vii}

For Handy, the need for trust is especially acute in the new electronic era. “How do you manage people whom you do not see?” he asks. His simple answer: “By trusting them.”^{viii} If there is any truth, he notes, to the idea of reciprocity—that “a lack of trust makes employees untrustworthy”—that fact “does not bode well for the future of virtuality in organizations. If we are to enjoy the efficiencies and other benefits of the virtual organization, we will have to rediscover how to run organizations based more on trust than on control.”^{ix}

Probing these ideas further in his masterful volume *Trust: The Social Virtues and the Creation of Prosperity*, Rand Corporation social scientist Francis Fukuyama applies the relationship between trust and ethics to the entire range of social capital, including business but going far beyond it. For him, trust is not merely a “soft” concept, but something inextricably wedded to bottom-line performance:

If people who have to work together in an enterprise trust one another because they are all operating according to a common set of ethical norms, doing business costs less. Such a society will be better able to innovate organizationally, since the high degree of trust will permit a wide variety of social relationships to emerge. . . .



By contrast, people who do not trust one another will end up cooperating only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated, and enforced, sometimes by coercive means. This legal apparatus, serving as a substitute for trust, entails what economists call “transaction costs.” Widespread distrust in a society, in other words, imposes a kind of tax on all forms of economic activity, a tax that high-trust societies do not have to pay.^x

Israeli-born social commentator Amitai Etzioni, writing about the relationship of trust to economic activity in general, agrees. “Trust,” he notes in *The Moral Dimension: Toward a New Economics*, “is pivotal to the economy, and not merely to social relations, as without it, currency will not be used, saving makes no sense, and transaction costs rise precipitously; in short, it is hard to conceive a modern economy without a strong element of trust running through it.”^{xi}

There is also a considerable body of work relating trust to leadership. John Gardner, whose leadership experience includes serving six U.S. presidents, founding Common Cause, and heading the Carnegie Corporation, points out that trust is at the core of good leadership. Trust, he writes in *On Leadership*, is invaluable in potentially divisive situations. “A leader capable of inspiring trust is especially valuable in bringing about collaboration among mutually suspicious elements in the constituency. The trust the contending groups have for such a leader can hold them together until they begin to trust one another.”^{xii}

Or, as business consultants James M. Kouzes and Barry Z. Posner put it in their book *Credibility: Why Leaders Gain and Lose It, Why People Demand It*,

Of all the attributes of credibility . . . there is one that is unquestionably of greatest importance. The dimension of honesty accounts for more of the variance in believability than all of the other factors combined. Being seen as someone who can be trusted, who has high integrity, and who is honest and truthful is essential.^{xiii}

4. Attributes of Trust

If a code of ethics for XYZ could be teased out of this single concept of trust, what would be on it? As the above authors suggest, the term *trust* seems to orbit in the same domain as a number of other concepts, including *credibility* and *teamwork*. Another term often used as a kind of overarching, umbrella concept is *integrity*. Stephen Carter, devoting a book by that name to the topic, notes that “integrity . . . creates the trust that we need for ordinary social and political discourse.”^{xiv} Carter quotes business guru Warren Bennis’s comment that integrity is “the basis of trust.”^{xv}

For many people, the concept of “ethics” means something nearly equivalent to *trust* and *integrity*. Those two latter words, it fact, appear to be not so much the constituent parts of our moral sense as synonyms for it. If that is so, our search for attributes should properly begin



below the level of these broad terms. A code of ethics that says “be trustworthy” or “have integrity” will have provided such lofty terms as to be essentially unusable. By contrast, a code that spells out in sharp detail the attributes of these ideas may be quite helpful. The question is, What are those attributes?

Kouzes and Posner pose four questions to measure one’s own trustworthiness as a leader:

- 1) Is my behavior predictable or erratic?
- 2) Do I communicate clearly or carelessly?
- 3) Do I treat promises seriously or lightly?
- 4) Am I forthright or dishonest?^{xvi}

In these terms, then, trustworthy behavior is *predictable, clear, honorable, and honest*. Gardner bolsters the first of these with the words *steadiness* and *reliability*. He also adds *fairness*, which he says must apply both in open dealings and “in the backroom” when no one is looking.^{xvii}

British investment banker and consultant Elaine Sternberg, in *Just Business*, summarizes some of these ideas in the term “ordinary decency,” which for her goes beyond what she calls “niceness” to include “the conditions of trust necessary both for taking a long-term view and for surviving over time; it consists of honesty, fairness, the absence of coercion and physical violence and the presumption of legality.”^{xviii} To these terms a number of writers add *respect, caring*, or the sense of the *dignity* of others.

Among the most expansive lists, perhaps, is the one that grows out of Charlotte M. Roberts’ work as co-author of *The Fifth Discipline Fieldbook*.^{xix} Creating something called the Trust Survey, she asks 21 yes/no questions to help identify various aspects of trust. Among the attributes it tests for are *consistency, promise-keeping, caring, honesty, and openness*.

Yet another route to the attributes is taken by Stephen Carter. Writing about integrity (which, as we have seen, is often felt to be closely allied to trustworthiness), he finds that it “requires three steps: (1) *discerning* what is right and what is wrong; (2) *acting* on what you have discerned, even at personal cost; and (3) *saying openly* that you are acting on your understanding of right and wrong.”^{xx}

Carter’s emphasis on right and wrong is instructive. Throughout the literature, there is an implicit assumption that trust is an ethical concept, and that it inhabits a realm of shared, core values. That, in fact, is one of the twelve key findings in James C. Collins and Jerry I. Porras’s groundbreaking book *Built to Last: Successful Habits of Visionary Companies*. Based on extensive research into “visionary companies”—those founded before 1950 and still the premier institution in their industries—the authors picked out “core values” as a crucial factor in their success:

Contrary to business school doctrine, “maximizing shareholder wealth” or “profit maximization” has not been the dominant driving force or primary objective through the



history of visionary companies. Visionary companies pursue a cluster of objectives, of which making money is only one—and not necessarily the primary one. Yes, they seek profits, and but they're equally guided by a core ideology—core values and sense of purpose beyond just making money. Yet, paradoxically, the visionary companies make more money than the more purely profit-driven comparison companies.^{xxi}

Those core values, Collins and Porras find, are nearly immutable:

A visionary company almost religiously preserves its core ideology—changing it seldom, if ever. Core values in a visionary company form a rock-solid foundation and do not drift with the trends of the day.^{xxii}

These attributes suggest a range of ideas that are bundled together in our common understanding of the word *trust*. A code of ethics built around such concepts might well begin by identifying a handful of key attributes that XYZ wishes to emphasize. That list could be drawn up by the work of the cross-functional team. Better still, it could be elicited by a survey within the company—a process that would not only ensure the broadest range of views, but would also create expectations about the process, engender a sense of participation, and build buy-in along the way.

5. Challenges to Trust-Building

Among the challenges to trust-building, three things stand out. First, it is hard work. It cannot be purchased, faked, or spun. It takes time. What's more, it involves the same kind of hands-on activity that Kouzes and Posner describe as a requirement for building credibility:

Earning credibility is a retail activity, a factory floor activity, a person-to-person one. It is gained in small quantities through physical presence. Leaders who are inaccessible cannot possibly expect to be trusted just because they have a title.^{xxiii}

Second, it cannot be attained through slick management skills. As Gardner notes,

A factor that undermines the trust of constituents in their leaders today is a set of practices that someone has described as the engineering of consent. . . . It works, but like all high-powered advertising that falsifies, it engenders a mixture of short-term acceptance and long-term cynicism. Successful seduction is one thing. Winning trust for a system that repeats endlessly the cycle of seduction and exploitation is something else.^{xxiv}

In this arena, another slick skill could be a manipulation by management of the concept of trustfulness to mean something closer to obsequiousness. The phrase, “Just trust me, alright?” may be a way to browbeat others into grudging agreement—since the word *trust* is so positively



charged that it could seem mean-spirited not to extend trust when asked. In that context, the arms-control mantra of the Thatcher-Reagan years might have a role here: “Trust, but verify.”

Third, the building of trust is an essentially ethical activity. Any effort to build trust outside a moral framework will set off allegations of hypocrisy and of failure to “walk the talk.” As Dalla Costa puts it,

unethical or amoral behavior completely undermines trust. Self-interest invites self-protection. Dishonesty erodes credibility. Unfairness invites a reciprocal exploitation. Injustice displaces trust with cynicism. And environmental profligacy suggests a wider irresponsibility. A commitment to trust, essential in this economy of intellectual exchange, is therefore inextricably a commitment to ethics. And an ethical orientation, by practice, builds trust.^{xxv}

6. A Global Code?

But can such an “ethical orientation” be relevant globally? Is it possible to have a XYZ code of ethics that will be acceptable across the organization’s entire range of multinational activities, or must there be different codes to account for different cultural dimensions?

The work of the Institute for Global Ethics suggests that there are indeed core global values that transcend individual cultures. In survey work, in focus groups, and in interviews around the world, the Institute’s research strongly suggests that core moral values lie at a bedrock level, well below other influences. In 1994, in my book *Shared Values for a Troubled World: Conversations with Men and Women of Conscience*, I interviewed 24 “moral exemplars” from 16 countries. Each interview “began with a common question: if you could help create a global code of ethics, what would be on it? What moral values, in other words, would you bring to the table from your own culture and background?”^{xxvi} The list that emerged is not unlike the collection of attributes of *trust* that are identified above:

- Love
- Truthfulness
- Fairness
- Freedom
- Unity
- Tolerance
- Responsibility
- Respect

In 1996, the Institute conducted a survey, designed with help from the Gallup Organization, that elicited responses from 272 participants at the State of the World Forum, a meeting convened in



San Francisco by Mikhail Gorbachev and a number of other world leaders. The participants came from 40 countries and more than 50 different faith groups. This research found that:

Participants converged strongly around three core values: truth, compassion, and responsibility;

There were no statistically valid distinctions in their choices based on gender, language, nationality, or religion;

There was no relationship between the values chosen and the kinds of answers given to other ethical questions, suggesting that people may work out ethical issues in different ways but still have the same core values.^{xxvii}

These responses have since been confirmed in a proprietary survey we conducted for the top 1,100 managers in a major U.S. financial services firm that is increasingly global in its markets. There the top values were *honesty, responsibility, respect, and fairness*—values that did not vary by location around the world. The answers also did not vary according to whether the question sought to identify work-based values or personal values: for this set of employees, at least, values lived at home were identical to those practiced at work.

7. Conclusion and Future Directions

The word *trust* has rich content, very worth unpacking and expanding into a corporate code. It is central to much recent thinking about the qualities needed for corporate success. And since the values that inform it are very much in line with the universal values identified in cultures around the world, a code built on the word *trust* could be expected to sit well with multinational stakeholders.

The cross-functional team has a number of possible routes forward. Of particular importance will be the endorsement of such a *trust* code at the highest level, without which the initiative might simply lose credibility. To maintain the momentum and win the broadest support, the team could:

- organize and facilitate debate on these issues;
- develop methods for identifying key attributes of *trust* upon which to build a code;
- create a process for devising XYZ's own code, and implement that process;
- make the case internally for the importance of a trust-based code;
- equip those who speak publicly for the company with talking points and a language for discussing these ideas;
- promote understanding and acceptance of the code within the company;
- suggest ways to acquaint all XYZ stakeholders with these ideas;
- recommend processes for training and refreshing XYZ employees about the code; and
- develop a global strategy for ensuring commitment to the code.



All of them have one point in common: the realization that the company's broad acceptance of the importance of *trust* is the common point of departure for all these activities.

Endnotes

ⁱ "Trust and the Virtual Organization," in Frederick F. Reichheld, *The Quest for Loyalty: Creating Value through Partnership* (Cambridge, MA: Harvard Business Review Books, 1996), p. 40.

ⁱⁱ *The Ethical Imperative: Why Moral Leadership is Good Business* (New York: HarperCollins, 1998), p. 232.

ⁱⁱⁱ New York: Grosset/Putnam, 1996, p. 84.

^{iv} Robert Levering and Milton Moskowitz (New York: Currency/Doubleday, 1993).

^v Quoted in Cooper and Sawaf, p. 87.

^{vi} *Good Intentions Aside: A Manager's Guide to Resolving Ethical Problems* (Boston: Harvard Business School Press, 1990), p. 26.

^{vii} In Larry C. Spears, *Insights on Leadership: Serviced, Stewardship, Spirit, and Servant-Leadership* (New York: John Wiley & Sons, 1998), pp. 68-69.

^{viii} Handy, p. 32.

^{ix} *Ibid.*, p. 36.

^x New York: The Free Press, 1995, pp. 27-28.

^{xi} New York: Free Press, 1988, p. 8.

^{xii} New York: The Free Press, 1990, p. 33.

^{xiii} San Francisco: Jossey-Bass, 1993, p. 24.

^{xiv} *Integrity* (New York: Basic Books, 1996), p. 31.

^{xv} *On Becoming a Leader* (Reading, MA: Addison-Wesley, 1989), p. 41.

^{xvi} *Op. cit.*, p. 109.

^{xvii} *Op. cit.*, p. 33.

^{xviii} London: Little, Brown, 1994, p. 7.

^{xix} Cited in Cooper and Sawaf, p. 85.

^{xx} *Op. cit.*, p. 7.

^{xxi} New York: HarperBusiness, 1994, p. 8.

^{xxii} *Ibid.*

^{xxiii} *Op. cit.*, p. 46.



^{xxiv} *Op. cit.*, p. 34.

^{xxv} *Op. cit.*, p. 232.

^{xxvi} San Francisco: Jossey-Bass, 1994, p. 17.

^{xxvii} William E. Loges and Rushworth M. Kidder, *Global Values, Moral Boundaries: A Pilot Survey* (Camden, ME: Institute for Global Ethics, 1997).