



The Human Dimension

THE LEADER WITHIN

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"We help both people and productivity flourish by developing a positive culture of shared leadership."

We find improved performance is the reward for your investing in people.

The emphasis in THE LEADER WITHIN is on the changes and growth we make within ourselves, as leadership is basically a personal growth experience over time.

'For things to change first I must change.'

The Importance of Trust

This month's newsletter is based on Stephen Covey's new book called *The Speed of Trust* released late 2006. The figures and data quoted are from the book.

There are, and have been, far too many experiences where we have felt let down by the lack of trust in us or in our teams. Leaders are required to create the conditions to allow others to excel. Often the reverse is true where workplaces become 'unsafe.'

One of the reasons why the hidden variable of trust is so significant and compelling in today's world is that we have entered into a global, knowledge worker economy. As *New York Times* columnist Thomas Friedman observes in *The World Is Flat*, this new "flat" economy revolves around partnering and relationships. And partnering and relationships thrive or die based on trust. As Friedman says:

Without trust, there is no open society, because there are not enough police to patrol every opening in an open society. Without trust, there can also be no flat world, because it is trust that allows us to take down walls, remove barriers, and eliminate friction at borders. Trust is essential for a flat world.

The difference between a high- and low-trust relationship is palpable! Take communication. In a high-trust relationship, you can say the wrong thing, and

people will still get your meaning. In a low-trust relationship, you can be very measured, even precise, and they'll still misinterpret you.

Simply put, trust means *confidence*. The opposite of trust - distrust - is *suspicion and fear*. When you trust people, you have confidence in them -- in their integrity and in their abilities. When you distrust people, you are suspicious of them - of their integrity, their agenda, their capabilities, or their track record. It's that simple. We have all had experiences that validate the difference between relationships that are built on trust and those that are not. These experiences clearly tell us the difference is not small; it is dramatic.

Consider our society at large:

Trust in almost every societal institution (government, media, business, health care, churches, political parties, etc.) is significantly lower than a generation ago, and in many cases, sits at historic lows. In the United States, for example, a 2005 Harris poll revealed that only 22% of those surveyed tend to trust the media, only 8% trust political parties, only 27% trust the government, and only 12% trust big companies.

Perhaps even more telling is the loss of trust with regard to people trusting other people. A recent survey conducted by British sociologist David Halpern reveals that only 34% of Americans believe that other people can be trusted. In Latin America, the number is only 23%, and in Africa, the figure is 18%. Halpern's research also shows that four decades ago in Great Britain, 60% of the population believed other people could be trusted; today it's down to 29%.

The "good" news of this study, relatively speaking, is that 68% of Scandinavians (Denmark, Sweden, and Norway) and 60% of the people in the Netherlands believe others can be trusted, indicating that there are some higher-trust societies. And Mexico's figure, though a low 31%, is up from 1983's 19%, which indicates that it is possible to increase societal trust.

On the organizational level:

Trust within companies has also sharply declined. Just look at what the research shows:

- Only 51% of employees have trust and confidence in senior management.
- Only 36% of employees believe their leaders act with honesty and integrity.
- Over the past 12 months, 76% of employees have observed illegal or unethical conduct on the job; conduct which, if exposed, would seriously violate the public trust.

At the personal relationship level:

While this naturally varies with regard to particular relationships, trust is a major issue for most people in at least some relationships (and too often with

their most significant relationships, such as with a boss, co-worker, spouse or child at home).

Consider the following:

- The number one reason people leave their jobs is a bad relationship with their boss.
- One out of every two marriages ends in divorce.

Relationships of all kinds are built on and sustained by trust. They can also be broken and destroyed by lack of trust. Try to imagine any meaningful relationship without trust. In fact, low trust is the very definition of a bad relationship. In your personal life, high trust significantly improves your excitement, energy, passion, creativity, and joy in your relationships with family, friends, and community. Obviously, the dividends are not just in increased speed of strategy execution and improved economics; they are also in greater enjoyment and better quality of life.

A company can have an excellent performance record yet be low on trust.

Perhaps more than anything else, the impact of this "hidden variable" makes a powerful business case for trust. According to a study by Warwick Business School in the UK, outsourcing contracts that are managed based on trust rather than on stringent agreements and penalties are more likely to lead to trust dividends for both parties; as much as 40 percent of the total value of a contract. A 2002 study by Watson Wyatt shows that total return to shareholders in high-trust organizations is almost three times higher than the return in low-trust organizations. That's a difference of nearly 300 percent! An education study by Stanford professor Tony Bryk shows that schools with high trust had more than a three times higher chance of improving test scores than schools with low trust. On a personal level, high-trust individuals are more likely to be promoted, make more money, receive the best opportunities, and have more fulfilling and joyful relationships.

High trust is like the leaven in bread, which lifts everything around it. In a company, high trust materially improves communication, collaboration, execution, innovation, strategy, engagement, partnering, and relationships with all stakeholders.

Within ourselves:

Do we trust ourselves to do the right thing, say the right thing and make the right decision? Are we aligned with our inner values and beliefs? Are we working from integrity so we can trust our own judgement even in tough, conflictual times? Do we trust our own gifts, strengths and abilities and use them for the greater good of others? Or do we stop ourselves from delivering our best because we get paralysed with self-doubt, negativity or self-limiting thinking?

Do we focus on the possibilities that the future holds and trust ourselves and others to co- create that future? Or do we operate at a mediocre level in our

lives because we get overwhelmed with the size of the challenges we face and don't trust ourselves to truly make a difference?

The choice is ours as it always is. We can live our lives at every level – personally, interpersonally, organisationally and at the societal level, either with a high degree of trust and connection with both our inner purpose and with others or in an atmosphere of mistrust, fear and disconnection both with others and ourselves. How we choose will affect us with every decision we make, every relationship we are in and every role we perform.

Call to Action:

So what do you do if you're in a situation like one of these or in any situation where a lack of trust creates politics and bureaucracy, or simply slows things down? Do you merely accept this as the cost of doing business? Or can you do something to counteract or even reverse it?

It is important we accept and acknowledge that you *can* do something about it. In fact, by learning how to establish, grow, extend, and restore trust, you can positively and significantly alter the trajectory of this and every future moment of your life.

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Written by:

Gary Russell, BSW. Grad. Dip. Soc.Sc. MCC (Master Certified Coach)

The Human Dimension Pty Ltd

Ph. 61 *2 6296 4133

Fax. 61 *2 6296 4144

Email: Gary@humandimension.com.au

Web: www.humandimension.com.au

PO Box 3083

Weston ACT 2611

AUSTRALIA

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