ONLINE EXCLUSIVE: Building Trust to Drive Business Results: New Research Defines Consequences if Leaders Don't Learn

The Human Capital Institute (HCI), in partnership with Interaction Associates, has released "Building Trust in Business 2012," an annual research report on leadership detailing the critical do's and don'ts for driving strong business results by building trust in leaders at all levels. HCI and Interaction Associates surveyed 440 leaders at more than 300 companies globally — polling them on specific issues at the intersection of trust, leadership and collaboration — to gather the data included in this research. The findings offer both a cautionary tale for companies that do not specifically focus on building trust, as well as good news for those that do.

Huge Decline in Trust

For the fourth straight year, the Building Trust 2012 survey points to big declines in leadership and trust across the business spectrum — with trust at its lowest level since Interaction Associates began surveying the issue in 2009.

For 2012, trust takes the biggest hit on the question of whether leaders are consistent, predictable and transparent in decisions and actions. In 2012, only 23 percent of respondents said that their companies' leadership is consistent, predictable and transparent, compared with about 40 percent in 2009.

Trust Impacts Results

Despite the dramatic decline in trust, there is good news in Building Trust 2012 — with important data tracking to an economy struggling to grow stronger.

The 2012 results show a clear, explicit connection between companies that achieve strong business results and high ratings in trust, leadership and collaboration. Additionally, leaders of high-performing companies are more focused on employee involvement — including the notion of shared responsibility for success as a key driver of business results.

Comparing High-Performing and Low-Performing Companies

Building Trust in Business 2012 distinguishes between high-performing and low-performing companies. Survey respondents who stated their company's net profit grew more than 5 percent during the previous year were classified as working for High-Performing Organizations (HPOs). Companies with profit growth less than 5 percent were classified as Low-Performing Organizations (LPOs). Respondents' self-reporting along those definitions was verified independently by analyzing public information on each company.

Leaders Build More Trust at High-Performing Companies

HPOs are more successful at building trust, their leaders are seen as more collaborative and they're much better at retaining key employees. Compared with LPOs, 14 percent more survey respondents from HPOs agreed that employees have high trust in management and 15 percent more see their leaders as effective.