

Institution: Durham University
Unit of Assessment: 19
Title of case study: Building and Restoring Trust within Organisations
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Durham University Business School (DUBS) research concerning the nature of trust within organizations, along with research on the methods managers can use to build trust and to repair it after major failures, has led to significant impacts across a wide reach of organizations. Through a series of professional training projects, practitioner-oriented reports and media articles the research has led to: (i) investments in training – benefiting both the organizations involved and the individual staff members who have undergone the training; (ii) improved effectiveness of workplace practices in organizations; and (iii) the use of research findings by professional bodies to define best practice. Organizations involved include UBS, Sunderland City Council; Richmond Housing Partnership; Lloyds Banking Group; Price Waterhouse Cooper (PWC); the Institute of Business Ethics (IBE) and the Chartered Institute of Personnel and Development (CIPD).</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>DUBS research has explored trust repair (how trust might be recovered within an organisation mired in a public scandal), and trust-building (what leads people to trust others).</p> <p><u>Trust repair.</u> Durham research (Reference 1) is the first article to provide a framework and recommended processes for guiding organization-level trust repair after a major failure. The research identifies two underlying mechanisms of trust repair, and outlines a four-stage process for organizations to follow when they seek to repair lost trust. These four stages entail:</p> <ol style="list-style-type: none"> 1. Immediate responses - A verbal acknowledgment of the incident, including (where necessary) an expression of regret and the announcement of a thorough and credible investigation into the causes of the failure, as well as preventative actions against known causes so as to prevent immediate recurrence. 2. Diagnoses - An accurate, timely and transparent identification of what went wrong, exploring the entirety of the organisational system for both direct causes and facilitative contributors. 3. Reforming interventions - Verbally accepting culpability and offering penance, and - depending on the results of the Diagnosis - systemic reforms to the organisation's policies and processes, culture and leadership. 4. Evaluations - A swift, thorough evaluation of the trust repair process ensuring that it is transparent and covers all components at multiple levels within the organization. <p>It is this work that attracted the attention of the four organisations that have subsequently commissioned Dietz to provide consultancy and/or training workshops (see below).</p> <p><u>Trust-building.</u> In addition to the work on trust repair, Durham research has been widely cited in shaping the literature on what is now the most commonly accepted conceptualisation of trust. Following especially Reference 2, as well as 4, 5 and 6, trust is now most commonly viewed as a three-stage process, beginning with a set of beliefs about the other party's ability, benevolence, and integrity that lead to a decision to render oneself vulnerable to the future actions of that party, which is then manifest in a risk-taking act (of reliance, disclosure, or reduced monitoring). The outcomes of the trusting act feed information back that updates the original trustworthiness beliefs. Thus, a productive and positive cycle of trust may be established, or trust may be broken if the trustworthiness beliefs are undermined. Trust repair is possible if the response to a violation restores expectations of the other party's trustworthiness. The position papers on the nature of trust (References 4-6), and the empirical examination of multiple trust foci (Reference 2) and of entrepreneur's trust in venture capitalists (Reference 3), have informed both the commissioned reports and the training/consultancy work undertaken by Dietz in the organisations listed above – the theory and empirical evidence being presented for a practitioner audience.</p> <p>Dietz (Senior Lecturer at time of research), Redman (Professor) and Stratling (Senior Lecturer)</p>

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joined DUBS in January 2005, November 2005 and October 1999 respectively. They remain in post here as of July 2013. Wijbenga was at DUBS from March 2004 to April 2008.

3. References to the research (indicative maximum of six references)

1. Gillespie, N. & Dietz, G. 2009. 'Trust repair after organization-level failure'. *Academy of Management Review* 34(1): 127-145. ABS 4* journal. <http://dx.doi.org/10.5465/AMR.2009.35713319>
2. Redman, T., Dietz, G., Snape, E. & van der Borg, W. 2011. 'Multiple constituencies of trust: a study of the Oman military'. *International Journal of Human Resource Management* 22(11): 2384-2402. ABS 3* journal. <http://dx.doi.org/10.1080/09585192.2011.584402>
3. Stratling, R., Dietz, G & Wijbenga, F (2012). 'The impact of contracts on trust in entrepreneur-VC relationships'. *International Small Business Journal*, 30(8), 811-831. ABS 3* journal. <http://dx.doi.org/10.1177/0266242610388822>
4. Dietz, G & den Hartog, D (2006). 'Measuring trust inside organisations'. *Personnel Review*, 35 (5), 557-588, ABS 2* journal. <http://dx.doi.org/10.1108/00483480610682299>
5. Searle, R & Dietz, G (2012). 'Trust and HRM: Editorial'. *Human Resource Management Journal*, 22(4), 333-342. ABS 3* journal. <http://dx.doi.org/10.1111/1748-8583.12006>
6. Skinner, D., Dietz, G & Weibel, A (2013). 'The dark side of trust: When trust becomes a poisoned chalice'. *Organization*. ABS 3* journal. <http://dx.doi.org/10.1177/1350508412473866>

4. Details of the impact (indicative maximum 750 words)

Since 2010, DUBS research has been applied to improve levels of trust and/or repair trust inside several major organisations, in the form of training workshops and specially commissioned practitioner-oriented reports on trust distributed and adopted by clients. The reach of the impact is demonstrated by the range of national and international organizations (in the UK, Sunderland City Council and RHP; and in continental Europe, UBS), which have procured training workshops for their staff. The significance of the impact is demonstrated by many participants having reported that they fundamentally changed their practices in relation to trust building and repair as a result of the workshops. In addition, the Institute of Business Ethics commissioned and published two reports based on the research.

1) Sunderland City Council (SCC)

Dietz held four training workshops at SCC between December 2011 and December 2012. These workshops presented the theory and empirical evidence for trust dynamics (both trust-building and trust repair), based directly on References 1, 2 and 4. The workshops also reflected the content in the training manuals and reports produced for the Institute of Business Ethics (see below). There were three sessions, each with 35 members of staff, from their Department for Transformations (twice), and their Leadership Academy, and a separate session for the 10 council executives. The significance of the impact here was measured through post-training surveys which demonstrated how staff think and act differently following the workshops. On 15 April 2013, 42 participants had replied to the survey (Evidence 1): on trust-building, 80.9% said that they had transferred insights (i.e. theory and knowledge) gained in the course back into their work, and 85.6% said they had transferred tips and techniques (i.e. behaviours and actions) back into their work. On trust repair, 85.7% said that they had transferred insights, and 78.5% said that they had transferred tips and techniques, back into their work. 66.7% said that they have changed their behaviour and ways of working (e.g. dealing with people, doing tasks) as a result of taking the course. Furthermore, in April 2013, SCC's Director of HR and OD said: "Being part of the research enabled us as an organisation and individuals to be able to "hold a mirror" up to yourself and to question what is being undertaken and the areas for further improvement. This has been of particular value in us understanding the concept of trust within the organisation and being able to see what we need to do in the future to further enhance levels of trust. It is also important to acknowledge that

participating in research has raised the profile and reputation of the council.” (Testimonial 1).

2) Richmond Housing Partnership (RHP)

Similar trust workshops were also delivered for RHP, which manages over 10,000 properties in South West London. They identified the need for enhanced trust among the various teams that coordinate letting, rents, facilities, and many other areas so that relationships between tenants and landlords and RHP would be perceived as high in satisfaction. They commissioned 10 workshops for the entire workforce of around 250 between April and July 2012. The participant feedback demonstrates the impact of the workshops in terms of staff satisfaction and transfer of learning. Over 90% found the training effective and, on a 1-5 Likert scale (with 5 being strongly agree), staff scored the statement, “I will use what I have learnt in my role” at 4.21 (Evidence 2, p. 6). In addition, aspects of the organisation (e.g. various operating procedures and reporting structures) identified during the workshops as blocking the development of trust have been addressed by RHP’s senior management. RHP created its own follow-up refresher training programme in March-April 2013. This demonstrates the ongoing influence of the workshops on operations and policy design and shows how significant the impact of the research was within the organisation, helping to develop resources to enhance professional practice within the organization. As Head of Communications at RHP suggested: ‘The trust workshops helped us to step up our game in terms of being more transparent with information. If any major change is occurring in the organisation (even if it’s only affecting one employee group) we think ahead more in terms of communicating what’s going to be happening and the reasons why. This has really reduced those water cooler moments where myths get created about what’s going on and why. We’ve also used a similar concept for building trust with our customers – upping our social media strategy with regular tweets and Facebook updates about things affecting our customers’ (Testimonial 2).

3) UBS

Dietz was hired to provide ten trust workshops for the multi-national banking institution UBS, between July and September 2010. The workshops were delivered to 250 senior directors and executive directors across the European divisions (City of London and Zurich). Following his workshops, at the HR Directors’ conference in Birmingham in January 2012 (a national event for senior HR leaders across the country) UBS publicly stated (according to slides presented by the head of HR at UBS, [Evidence 3]) that the training had ‘*led to practical interventions for developing awareness of trust dynamics, and using trust dynamics to build better relationships...and enhance performance*’. Indeed, graphs in UBS’s same presentation linked the UBS trust training to improving performance of its bankers in wealth management and investment banking, playing a key role in producing net new money (see Evidence 3).

4) Shaping of Best Practice through Training Reports

i) Institute for Business Ethics (IBE)

A further key impact of the research has been on influencing professional bodies to define best practice and in informing and stimulating practitioner debate. The IBE commissioned Dietz and Gillespie to write two specially created reports in 2011, based on their theoretical models set out in Reference 1. The first report was sponsored in full by Price Waterhouse Coopers (PwC), in recognition of its credibility and its anticipated impact on the industry debate on trust, ethics and regulation. The report summarised the theory and practical techniques of trust arising out of Dietz’s Durham research outlined above, and now acts as a guide for organizations wishing to improve or restore organizational trust: Dietz, G. & Gillespie, N. (2011). *Building and Restoring Organizational Trust*. Institute of Business Ethics. http://ibe.org.uk/userfiles/trust_execsumm.pdf

In Testimonial 3, the IBE Director said: “This excellent publication was very timely in its publication and has been widely distributed to the IBE’s international subscriber base; through publication sales and free distribution. Over 600 copies have to date been distributed ... It is and has been used in IBE’s own core training courses, public presentations, and in-house corporate training and workshops. Examples include presentations to the Lord Mayor’s Initiative (now known as the City Values Forum), with the Reputation Institute, and companies such as British Gas, ACC and ASB in New Zealand, Bourouge in Abu Dhabi and FT Orange in France and Romania... This publication has been used by the IBE in its advisory work to help corporates understand by unpicking the

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language of trust. It has made an important contribution as a consequence.”

The second report provided six case studies of effective trust repair, which was serialised in *The Guardian* (<http://www.theguardian.com/sustainable-business/rebuild-restore-recover-trust-business/print>), and formed the basis of IBE-sourced press coverage: Dietz, G. & Gillespie, N. (2012). *The Recovery of Trust: Six case studies of organisational failures and successful trust repair*. Institute of Business Ethics. <http://www.ibe.org.uk/index.asp?upid=121&msid=8#OP5>

ii) PWC

PwC have adopted the report internally as part of their internal thought leadership, and the IBE Director, endorsed the report at an event for the Lord Mayors Initiative in July 2011, when around 250 City managers and Directors attended. She also spoke at the PwC Fraud Academy discussion on Trust, attended by around 100 people (Testimonial 3).

iii) Lloyds Banking Group

Arising out of his report for the IBE and Reference 1, Dietz was invited by a leading corporate ethics consultancy, The Virtuous Circle, to sit on the review panel for Lloyds Banking Group’s ongoing efforts to improve its reputation for ‘responsible business’ (i.e. trustworthiness). Dietz’s Durham research on trust (especially References 1 and 4) provided the analytical framework for the panel’s review, as confirmed by the Director of The Virtuous Circle in his testimonial: “An important element of [Dietz’s] contribution was to provide the framework (based on his trust research) from which we could define the behaviours that stakeholders would expect of a UK based bank. This framework was instrumental in setting the basis for the panel’s further discussions about LBG’s responsible business approach, and the extent to which it reflected expectations of a trustworthy bank” (Testimonial 4). The influence of Dietz’s research is evident in the panel’s external assurance statement to Lloyds (see Evidence 4), and from the commentary from Lloyds on the panel’s influence on their work: “The panel’s comments on the various drafts of the Responsible Business report were adopted by LBG for its final published report. It is relevant to note that LBG’s comment on the contributions of all the panel members was that they were “excellent” (see Testimonial 4). Dietz has been re-appointed to the panel for 2013.

iv) CIPD

Finally, Dietz was involved in the primary research and production of a report on trust and HRM, entitled “Where has the Trust Gone?”, for the Chartered Institute of Personal Development (CIPD), which was published in March 2012 <http://www.cipd.co.uk/hr-resources/research/where-trust-gone.aspx>. This report drew on References 1, 2, 4 and 5 in particular. It was launched and published in March 2012, and on 10 May 2013 had received 2,161 downloads and 4,879 page views (Evidence 5). As a result of this report, Dietz has presented a series of workshops on trust, in London to the CIPD (North London and Central London) and the national ICSA conference for Company Secretaries, and to the Further Education Regional Research Network in Scotland.

5. Sources to corroborate the impact (indicative maximum of 10 references)

Evidence

1. Sunderland Council feedback forms showing the impact of the training on staff.
2. Summary Executive Report: Evaluation of the Trust Training Intervention Inside RHP
3. Presentation by the Head of HR Learning Delivery EMEA at UBS to the HR Director’s Conference 2012, including a graph for net new money
4. The independent Stakeholder Panel Assurance Statement, 2013. <http://www.lloydsbankinggroup-cr.com/sites/default/files/downloadables/assurance.pdf>
5. CIPD Trust Report Email, dated 8th May 2013.

Testimonials

1. Director of Human Resources & Organizational Development, Sunderland City Council
2. Executive Director of Corporate Services, Richmond Housing Project.
3. Director, Institute of Business Ethics.
4. Director, The Virtuous Circle