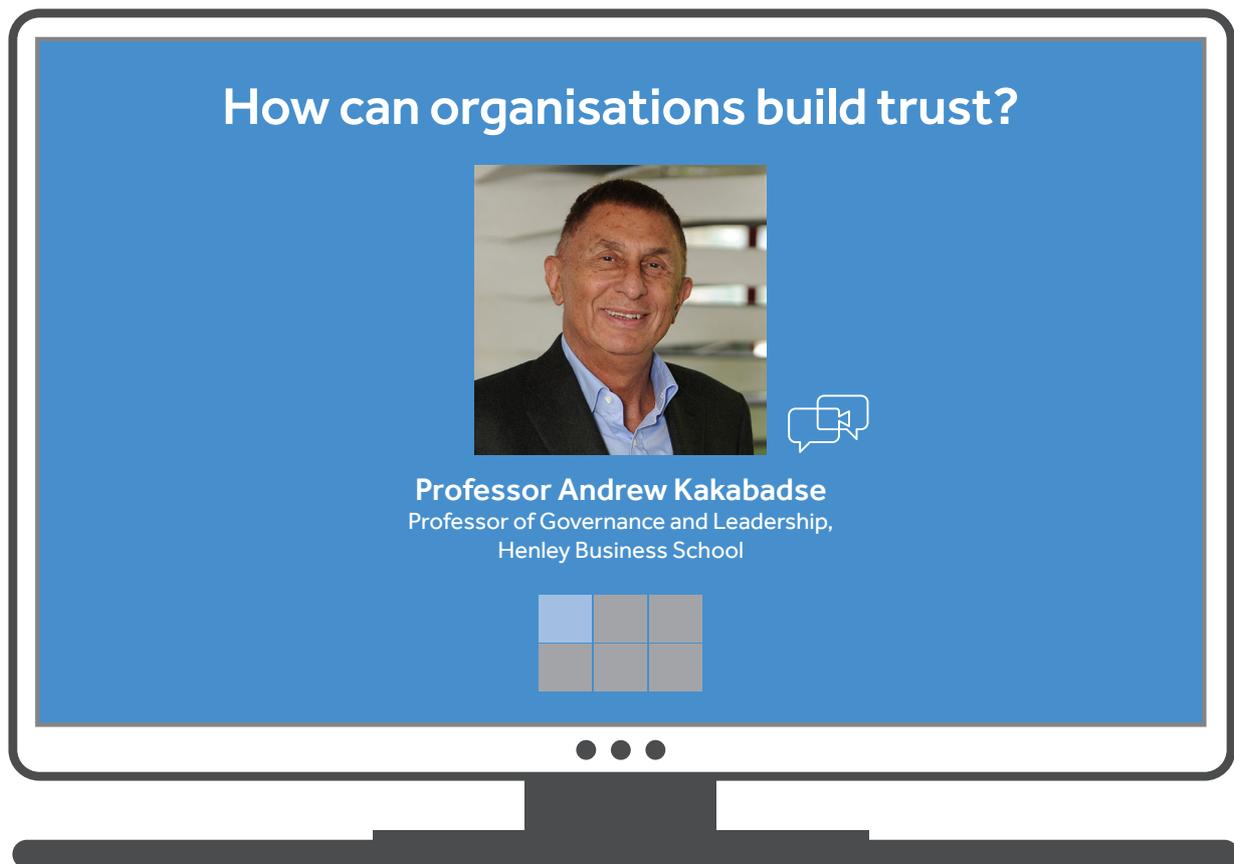


# RETURN TO THE WORLD OF WORK: Action Research Series

Learning and insights from sessions held with organisations  
and businesses during May to July 2020



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Where business comes to life

# Post-COVID, trust is more important than ever

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What does this mean for top-team dynamics, for relations between chair and CEO? How will it affect the way organisations engage with stakeholders? Will a re-examination of the very essence of the organisation be required? Executive Education at Henley Business School explored these issues in a series of real-time,

engaging and thought-provoking discussions with executives from a range of organisations. From these sessions, led by Professor Andrew Kakabadse, and taking into account Henley's research, there are important considerations on the issue of 'trust' in the time of COVID-19.

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## The situation:

What is trust and why is it so important now, from the standpoint of the organisation?

Trust is a deep faith that your expectations of the other party and of the commitment that they have made will be honourably realised. Within an organisation, trust is the social glue that is vital in order to build individual, team and organisational capability. Organisations need to build capability in order to realise competitive advantage. So, trust is essential for any company to survive – it is hard won and easily lost.

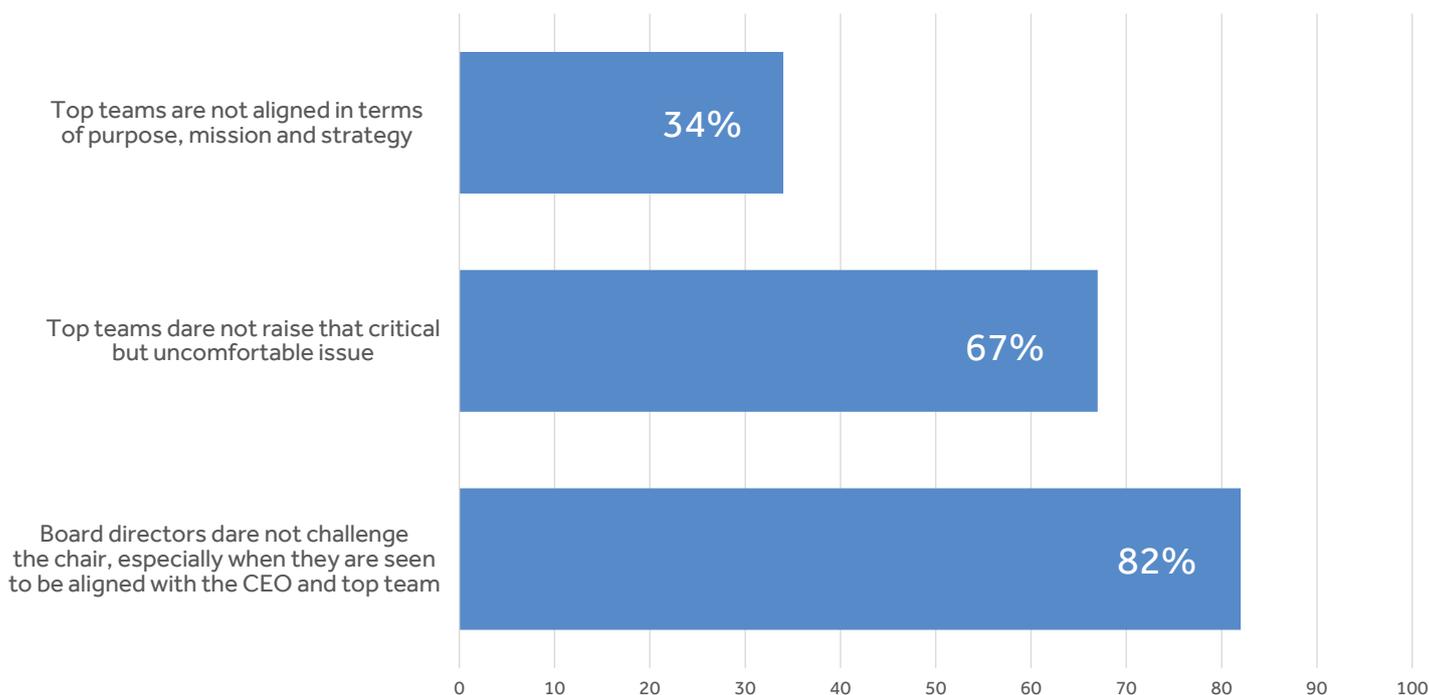
At the top of the organisation, the issue of lack of trust is brought about by the dynamics between people. Senior managers, though very bright individuals typically, often find it hard to talk about their differences of opinion or to ask the difficult questions. The resulting misalignments erode trust and mean that people at all levels of the organisation don't engage because those who have not been brought into the debate feel little commitment to it.

## Individual trust has three aspects:

1. Your intentions and behaviour
2. The views of others
3. Commitments made by you

Research carried out before the COVID-19 crisis (Kakabadse & Jawad, 2019)<sup>1</sup> has already shown that most organisations are deficient in terms of trust building.

Figure 1 Trust issues at board level



### Mid-crisis, trust in organisations is even more diminished

Most organisations experience unwelcome and dysfunctional politics as the norm. These are now being heightened in the 'new normal', examples being:

- Suspicion that top management use furloughing to engineer ever more redundancies
- High anxiety among staff and management about their future has increased due to concerns about approaching the management caused by low levels of trust
- Increased workplace harassment and bullying; 14-hour days are now common

These issues are exacerbated by the current 'Zoom' state, which undermines trust: on-screen transactional agreements can easily be broken off-screen. Remoteness works for transactions, but negotiations need to be handled offline.

<sup>1</sup> Kakabadse, A & Jawad, A Q (2019) *Leadership Intelligence: The Five Qs for Thriving as a Leader*. Bloomsbury

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### **The solution:** What is needed now?

Trust is vital to realise clear alignment of interests and meaningful engagement between staff and management. Leaders need to engage across stretching misalignments, which requires that these leaders possess a high level of trust in others. How can we build that trust under today's conditions?

Recent research shows the Chair is critical to building trust in the organisation. So, for the Chair, and for the top 80-120 people in a large

organisation there are several urgent areas of focus to creating trust, as outlined below:

- Creating alignment is about politics and negotiation – trust requires humility and the ability to align interests to create a sustainable future
- Trust requires you to pay attention to the commitments you have made and to the expectations you have set – you must be consistent
- Engaging general managers is crucial. They are at the intersection between strategy creation and strategy execution – this is the current fracture point in most organisations.

## Creating trust: The Q&A discussion

### What are the effects if trust isn't there?

- COVID-19 has surfaced and made a public issue of trust; internal tensions and misalignments that may have persisted for some time are now, thanks to the crisis, made visible.
- Sitting at home does not build the emotional connections that underpin trust. This means people feel less accountability and commitment. The reason for this is that individuals are not in the direct presence of others, neither do they so easily encounter the challenges that need to be addressed. What people face while working at home is a screen; they see pictures of other people only – and at a distance. Such an experience slowly diminishes feelings of responsibility and the desire for accountability.
- A few organisations are trying to build trust – senior colleagues are consulting and sharing with their people on an almost daily basis the issues that need to be addressed. Such continual exposure reinforces team commitment.
- Many people are using bullying and threatening behaviour, the fear of job losses and a poor economic future as a way to prevent people from speaking up. This stifles innovation. The COVID-19 crisis has simply accentuated the sensitivities in the organisation, but with physical distance now prevalent people are less committed to working themselves up to face those challenges.

## How do you create a culture of trust?

- You take a bird's eye view of the organisation and identify where the tension points are in the system. Attention then needs to be given to understanding why those tension points exist and what their source is, so that at least a rudimentary strategy of engagement can be put together as the pathway through misalignments.
- The CEO is increasingly becoming the COO with short-term objectives. In this sense, the increasing short termism and daily pressures on the CEO increasingly inhibit the building of relationships and the working through of dilemmas. As a result the responsibility for realising complex engagements now more falls on the chair. The chair is the keeper of trust, who must 'step out' and take the bird's eye view, not only of the board, but of the organisation, the supply chain, the customer network, as well as other critical stakeholders such as press, media and government.

## How do you handle political negotiations?

- Political negotiations are about handling differences between various interested parties, each of whom is likely to have a stake in the organisation. It is hard work to reach a point of alignment of interests and, because of the sensitivities concerned, being open and honest may not always work. Attention needs to be given to how, in reality, relationships can be built in order to reduce the number of misalignments and to enhance commitment to ways forward when these uncomfortable diversities persist. An important key leadership capability is the ability to negotiate difference.
- What is important in surfacing issues is being guided by evidence. The evidence in question could be business data, sales numbers, marketing trends, differences of opinion on competitive advantage, differences of opinion on the purpose of the organisation and its vision or mission, along with personal likes and dislikes. All such evidence is necessary to consider in order to identify the political strategy that needs to be pursued.
- You must capture all views, especially those not easily surfaced. In so doing, the individual's EQ skills (their 'emotional quotient' i.e. their interpersonal and communication skills) are vital because relationships have to be built for people to open up and offer their deep-seated concerns. In effect, politics is basically EQ with an agenda; being political requires making people feel comfortable, while guiding them in the particular direction you wish them to take.

## How do you create trust among customers?

- External trust can come from internal trust, in terms of how key interfaces are really dealt with. In any medium to large-sized complex system, tensions arise, often for good reasons. These tensions are particularly visible at the point where the resolution of these tensions has not taken place. Critical tension spots are:
  - between the board and the C-suite
  - between the C-suite and the general management, who may feel that they are being asked to deliver on a strategy that is unworkable and that they were not part of its creation
  - between general management and local management, where local management may feel hard done by, harassed into meeting sales and other targets that are impossible to meet, even while general management insists on the implementation of the strategy

- You need to be honest about which customer touchpoints are tricky – and you must gather evidence, just as you would for an internal issue. The real concern here is being honest, especially if senior management does not wish to hear the key messages from well-gathered and accurate evidence. The political concern here is how to position an uncomfortable message so that top management eventually listens.
- Look at the key, critical internal and external interface points and focus on these in terms of gathering evidence and making a case that top management feels is workable and pragmatic.
- To communicate the company's vision, find out what the key actions are that will deliver that vision, then express them with evidence, highlighting both the cases for and against the benefits to be gained and the potential risks to be faced in terms of reputational damage or poor economic performance.

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