# Open Research Online
The Open University's repository of research publications
and other research outputs

## Trust, HRM and the employment relationship

## Book Section

For guidance on citations see FAQs.

Version: Accepted Manuscript

oro.open.ac.uk

# TRUST, HRM AND THE EMPLOYMENT RELATIONSHIP.

## By Graham Dietz, Akinwunmi Martins and Rosalind Searle.

"Whatever matters to human beings, trust is the atmosphere in which it thrives"
(Sissela, 1978 cited in Baier, 1986).

"There is nothing less constant than interest, today it unites, and tomorrow it brings enmity"
(Fox, 1974: 266).

"Sometimes, it is not always possible for the business to do what is right" (Chris, HR Director; interviewee).

Trust has long been considered a crucial determinant of people's experiences of work and the employment relationship (see, for example, Fox, 1974). Yet a commonplace argument holds that the increasing demands placed upon contemporary organisations (globalised market competition; de-regulation and re-regulation), as well as trends in workforce composition (greater education levels; greater cultural diversity) and in the management of work (transactional contractual arrangements; increasing workloads and job-creep; information technologies), have heightened interest in trust among HR professionals (Hope-Hailey et al., 2005; Searle & Skinner, 2011; Sparrow & Marchington, 1998).

So too has the evidence of trust's impact on performance. Trusting relationships at work have been positively associated with higher job satisfaction and organisational commitment, discretionary effort on behalf of a wide range of stakeholders, knowledge sharing, and even customer satisfaction, sales and profit (for reviews, see Colquitt et al., 2007; Dirks & Ferrin, 2001). Some argue that trust can be a decisive source of sustainable competitive advantage (Barney & Hansen, 1994). The essential logic is this: for employees to perform optimally, they need to trust that their employer (specifically, their employer's representatives in

1

management) will provide a positive working environment, support them in their efforts, and treat them fairly in matters of reward, welfare and voice (Davis et al., 2000; Simons, 2002). Equally, high performance requires managers to trust employees to work responsibly, diligently and effectively (Salomon & Robinson, 2008), reducing the need for unproductive and inefficient *excessive* monitoring. A level of appropriate two-way trust is needed.

Yet trust is a fragile commodity. It can take a long time to establish, and one misplaced or abusive act can destroy it. Many commentators point to faltering and insecure trust inside organisations (Edelman, 2009; Robinson, 1996; Thompson, 2003). Massive redundancy programmes and widespread perceptions of job insecurity, increased workloads and stress, the precarious status of pay and bonuses, and disparities in relative incomes can all be expected to damage trust in organisations.

These are HR policy domains, and HRM is among the most influential areas for trust development inside organisations (Whitener, 1997). The often-raised imperative for HR professionals is to build people management systems that deliver high levels of employee commitment and/or 'engagement' (CIPD, 2010). Trust dynamics – though seldom the explicit focus of these models – suffuse them all (see Searle & Skinner, 2011). Indeed, trust issues surface in almost every area of human resources (Robinson & Rousseau, 1994; Whitener, 1997) throughout the 'employee cycle' (Searle & Skinner, 2011). An organisation's selected strategies and policies on HRM send out signals of intent to staff (Six & Sorge, 2008), while their implementation provides tangible evidence of the extent to which management's intentions are genuine and hence can be trusted (Skinner, Saunders, & Duckett, 2004). In short, trust plays a key role in the successes of HRM, as does mistrust in its failures (Whitener, 1997). Sparrow and Marchington's (1998) observation that trust-

building might be "the most fundamental base of knowledge" for HR professionals still applies more than a decade on.

Yet trust poses an acute challenge to HR professionals. They occupy a rather tricky and unenviable position in the relationship between employer and employee, often depicted as Janus-like [facing two ways, simultaneously]. When facing "the organisation", the HR professional's 'strategic partner'/ 'change agent' roles (Ulrich, 1997) are to design policies and practices that secure productive employee inputs and outputs in pursuit of corporate and managerial interests. HR departments are entrusted by their employer to reflect the will of management and, by presumed extension, those of shareholders/ budget-holders. Yet one of HR's other roles is as the 'employee champion/ advocate' (Ulrich, 1997), attending to the needs and welfare of staff, whether for its own sake, or because – following a service-profit chain model of management (Heskett, 1997) – corporate interests are understood to be best realised through satisfying employees' interests first. In navigating these potentially contradictory roles, HR professionals can face ethical, operational, intra-personal and inter-personal conflicts and dilemmas that must be resolved (Wright & Snell, 2005). Selecting the appropriate HR policy response on redundancies, appraisal systems, performance bonuses and employee voice will have knock-on effects for the trust between employer and employee, as well as for the employer and employees' trust in the HR department. Several studies have shown how HR professionals can struggle with these conflicts (Caldwell, 2003; Francis & Keegan, 2005), especially when commercial imperatives take priority over employee welfare, or fairness concerns. Thus, senior HR leaders are in a unique position to comment on trust dynamics in the employment relationship, from both 'sides', as well as from their own viewpoint.

In exploring these dynamics and tensions, we have adopted a somewhat unconventional structure. We did not want to limit ourselves to an extended literature-driven commentary; we wanted to include lived experience from HR practitioners to ground the debate in practice. So we conducted semi–structured interviews with a convenience sample of seven HR Directors and Managers known to the authors (six UK-based; one Europe-based).[1]

| 'Name' | Industry |
|--------|----------|
| Andrea | Private HR consulting firm |
| Danny | Automobile manufacturing |
| Paul | Law firm |
| Chris | Telecommunications |
| Sally | Healthcare |
| Saskia | Construction |
| Sue | Retail |

However, this chapter is *not* an empirical study; it is an opinion piece. The purpose of the interviews was confined to capturing compelling insights for the specific remit of this chapter. Thus, in terms of 'method' – or, more accurately, the origins of our practitioner inputs – we conducted telephone interviews in the summer of 2010, asking first for the practitioners' understanding of the employment relationship, then their insights into the nature of trust generally and within their workplace, and finally their thoughts on how HRM and HR departments help or hinder trust. The interviews were recorded, and we then went through them looking for compelling illustrative quotes that exemplified or countered the prevailing wisdom on trust and HRM. (The quotes have had to be edited for brevity and directness.)

The chapter proceeds as follows. The next section explains our primary construct, trust. We then examine the nature of the employment relationship, and our practitioners' takes on this.

---

[1] We wish to thank the practitioners for their time and for their insights into this intriguing and vital aspect of their professional work. Each of them has endorsed the quotes attributed to them. Some names have been changed at the interviewee's request.

The third section reviews the practitioners' insights into trust in the workplace. In the final section, we explore how HRM can help or hinder trust in the employment relationship.

**<u>Trust.</u>**

A broad consensus has now emerged on a three-stage process to trust (McEvily et al., 2003). First, trust's foundations arise from an assessment of the other party's trustworthiness. This consists of a set of subjective, aggregated beliefs – "confident positive expectations" (Lewicki et al., 1998) – about their character and likely conduct, and one's relationship with them (Dietz & den Hartog, 2006). When these beliefs cross a threshold beyond hope and faith into something more confident, the trusting party makes the 'decision' to trust (Dietz & den Hartog, 2006). This decision reflects a "willingness to accept vulnerability" (Rousseau et al., 1998), based on the preceding assessment of the other's trustworthiness. At risk for employees might be their job, workload, career or personal status; for the employer, it might be the organisation's operational effectiveness, sales, and reputation. For trust to be observed and truly verified, the trusting party must go on to rely on the other in a way that renders them vulnerable. This final behavioural stage involves a demonstration of their trust, such as allowing the other to have discretion over something of value (e.g. a budget, a decision; an employee's career progression), or making them privy to sensitive information (Gillespie, 2003). Without this risk-taking act, trust is 'cheap talk' (an 'empowered' employee whose work is micro-managed is not being trusted).

The antecedents of trust in an employing relationship are complex (see Searle, Weibel & den Hartog, 2011). Mayer, Davis and Schoorman's (1995) influential framework suggests that three trustworthiness factors are involved in interpersonal scenarios (the 'ABI' model of trustworthiness):

- 'Ability' beliefs concern the perceived competence of the other party. In individuals, ability refers to their technical, cognitive and communicative skills, while at the firm level, it encapsulates the organisation's overall effectiveness, as realised via its managers and staff, and its access to resources.

- 'Benevolence' perceptions reflect an assumption of benign, or at least non-detrimental, motives on the part of the trusted party. The trustor detects a positive orientation toward them from the other party. Benevolence implies a sincere concern for, and even a desire to enhance, the other party's well-being (Six & Sorge, 2008).

- Integrity focuses on adherence to a set of principles that the trustor finds acceptable. This implies a consistency between the trustee's words (intentions) and their deeds (actions), but also an assessment of moral character, including honesty and fair treatment of others. Examples would be keeping to each party's side of the 'psychological contract' bargain (Herriot, Manning & Kidd, 1997; Robinson, 1996) such as employers fulfilling promises (e.g. on pay and rewards) and issuing clear and candid communications. For employees, integrity might include adherence to ethical codes of conduct, and admitting to errors or inadequacies in their performance.

Evidence for trustworthiness can come from direct encounters with others, observing their character, conduct and performance. But indicators can also come via indirect sources, such as the obligations and constraints on people's behaviour implied by their role which render them predictable (e.g. doctors and train drivers). Similarly, we may trust another, by proxy, based on the presence of institutional constraints, such as legislation and regulations. Indeed, employees' trust can focus at the interpersonal level (e.g. with immediate bosses and colleagues), and at the organisational level, incorporating assessments of their senior leaders, and the various systems and policies the organisation chooses to deploy (Gillespie & Dietz,

2009; Searle et al., 2011) – including its HRM policies. Awareness of these two sources for trust – interpersonal and systems – is necessary to understand more fully the precise dynamics of trust at work (Skinner & Searle, 2011). Although Mayer and colleagues' 'ABI' model is firmly established in interpersonal relations (Colquitt et al., 2007), Searle et al (in press) found only competence and benevolent intent to be discernible factors in employees' trust in their employer.

None of these trustworthiness attributes is sufficient on its own to generate trust; a minimum level of all three is needed for trust to emerge. Should there be a lack of convincing evidence in one or more attributes, trust is likely to be undermined. That said, people can compartmentalise and aggregate evidence, accommodating contradictions and errors within an overall positive assessment (see Lewicki et al, 1998).

Trust emerges through repeated interactions and exchanges of reciprocal obligations between parties (Lewicki et al., 2006), as depicted in social exchange theory (Whitener et al., 1998). If obligations are met, and reciprocated, expectations are fulfilled and trust develops. But trust is damaged by either the failure to adhere to formal or social rules, or from disconfirmed expectations (Whitener et al, 1998). In this way trust tends to evoke trust; distrust to evoke distrust (Fox, 1974: 67).

Put simply, then, the trust challenge at the heart of the employment relationship is this: can the trinity of trustworthiness attributes (ability, benevolence and integrity) be delivered by both parties – employer and employee – in a credible, sustainable and effective manner that allows them both to take the decision to trust the other, and take productive risks at work? And how can HRM help this to happen?

## Trust and the employment relationship.

Hardin (1992) argues it is useful to conceptualise trust as a three-part relation, involving the properties of a trustor, the attributes of a trustee, and the specific context in which trust is conferred. In the employment relationship, there is the individual employee, and her/his employer, but the latter role is represented by multiple agents including: the employee's direct line manager, the HR department, and the senior managers, while the employee may be represented by a trade union. Thus, the exact profile of the dyad participants is vague. (This 'split responsibility' issue for the roll-out of HRM came out clearly in our interviews, of which more later.) The culture of the sector and the nations in which the employer operates, and the shifting demands of its markets, provide an idiosyncratic context.

In its simplest conceptualisation, the employment relationship refers to the open-ended and dynamic series of interactions between an individual selling her capacity to work and the organisation buying that labour capacity with a wage.[2] Managers' primary concern is to convert that capacity into a performance that brings tangible benefits to the organisation's owners or custodians. Managers *may* choose to arrange the relationship in a manner that satisfies the aims and interests of the employees, but this is by no means a pre-requisite. Employees' primary interests, meanwhile, are to maintain a living and fair reward for their efforts, and a degree of autonomy over what happens to them at work (Herriot, Manning & Kidd, 1997). Many may want to perform well, but this is not guaranteed.

---

[2] Although Rubery et al (2002) have drawn attention to new forms of employment (sub-contracting; portfolio-style careers) that blur this essential structure, the majority of employment relationships are direct: the employee is paid to work by a main employer.

Most academic commentators see the two sets of interests, or expectations, as potentially overlapping, but also potentially antagonistic (Blyton & Turnbull, 2007; Edwards, 1986). The relationship may be characterised by mutually productive trust, or mistrustful conflict, subject to changing circumstances, shifts in the parties' objectives, and fluctuating interpretations of the other's decisions and actions. (However, as we shall see, this is not a view shared by many practising HR professionals.)

One way to address and resolve this fundamental tension is through the practices, activities, rules, duties and obligations put in place to steer workplace interactions between managers and employees. HR policies and practices seek to shape employees' expectations regarding anticipated performance levels, their treatment at work (welfare; voice), and prospects for progression, among others. HR also seeks to create a climate and set of management procedures in which mutually beneficial reciprocal obligations between managers and staff, based on positive trusting expectations, can be realised. Clarity around the nature of the inducements and expectations, and the subsequent fulfilment of them both, build trust in the relationship (Korsgaard, Brodt, & Whitener, 2002; Tsui & Wu, 2005).

Examples of how HRM creates expectations and obligations include:
- Creating an 'employer brand'/ 'employer value proposition', sending signals about the organisation's trustworthiness to enhance applicant attraction.
- Selecting candidates who endorse the organisation's aims, and whose capacity is likely to deliver productive performance;
- Helping to define what constitutes acceptable job performance, and design appraisal and reward schemes to achieve those targets;

- Co-ordinating the distribution of information and communications, and formal provisions for employee voice;

- Plotting career paths, and providing development opportunities to enable employees' ambitions to be realised, thereby enhancing the 'human capital' of the organisation;

- Overseeing the more antagonistic encounters, such as disciplinary cases, industrial disputes or redundancies.

In short, HR policies may have positive trust assumptions and dynamics 'designed in', or not (Fox, 1974; Sparrow & Marchington, 1998). HRM fosters employer-employee trust, or undermines it (Searle & Skinner, 2011).

The assumptions of HR professionals on the nature of the employment relationship will influence how they design their policies. So we asked our interviewees for their general take on the employment relationship. Their answers tended toward a broadly unitarist frame of reference: that the ideal employment relationship – and in some cases, the reality – was of aligned interests between employer and employee, and hence the prospect of high levels of workplace trust. Sue described her non-unionised company in powerfully unitarist terms:

> Sue: *We have a very, very positive relationship with our staff... it's a family business, we are founder-led, it is viewed culturally as a 'family'. People tell us working here feels like working in a family, there is a shared sense of pride.*

Chris, from a unionised setting, was more equivocal, but also aspired to a unitarist reality:

> Chris: *The preferable scenario is where the employee wants to work for the organisation, they have moral attachment, they enjoy what they do, the employer takes care of the employee, helps them to feel rewarded and fulfilled... In an ideal world most people would say they would prefer to work somewhere they care about and have an interest in... You can't expect people to be engaged and overtly dedicated to what you do all the time but at least whilst they are there working for you, you have a right to expect a certain level of performance.*

Two others emphasised the need for a form of 'mutuality', albeit one directed by managers:

> Andrea: *The smart way to do business is to say that people are a core part of delivering what the organisation needs and then you need to set up conditions of mutuality so that there are benefits for the organisation and the individual. In today's marketplace you need people to bring their passion and talent to the workplace. Creating a sense of meaning about what the organisation is there to do helps develop an emotional connection so that employees give what they have willingly.*

> Danny: *The employment relationship in my company is founded on mutual respect and clearly, the company expects the individual to work very hard and contribute to the business. And a part of the contract is that the company commits to provide career opportunities, safe working environment and hopefully to provide sustainable long-term employment opportunities...*

Few seemed prepared to acknowledge radicalist talk of 'inherent conflicts of interest', and 'structured antagonisms' (Edwards, 1986). They may even have regarded such notions as anachronistic relics. Only two felt that employer-employee conflict might be presumed, but again the primacy of the organisation's interests was apparent:

> Paul (Law firm): *I think there is a conflict of interest in certain respects because it is not always possible to say that the employer has the interest of the employees at heart. Because the purpose of an organisation, especially in the private sector, is to make profits. [But] I do not think there is any conflict that can never be reconciled... Most employers want their employees to be happy and they try to do the right* [HR-related] *things... A vast majority of employers know they have to treat their employees this way and they indeed do... If there is a conflict, it can be managed... and for the benefit of both parties. There has to be communication around issues, there has to be some kind of joint interest working for the benefit of the organisation.*

> Saskia (Construction): *The conflict of interest is always there at different levels, depending on who is involved ... The things you do as an organisation, you have an obligation to do* [them], *it is difficult to provide a standard set* [of HR policies; expectations]. *Things just constantly change. If you have a financial crisis, everything that was, the way things are done, goes out of the window and everything goes back to bare productivity.*

Our interviewees' preference for unitarist assumptions and intentions contrasts somewhat with Geare et al's (2006) survey of managers in New Zealand, who were broadly pluralist in

the abstract, but tended toward unitarism when discussing their own organisation. But our sample does echo the CIPD's 'official' standpoint on employee relations (Emmott, 2006).

These aspirations are hardly surprising: the HR profession's ambition, rightly, is to have a real strategic impact (Ulrich & Brockbank, 2005), and most see that to achieve this, they need to design and implement policies to align employer and employee interests and objectives. Few HR managers would want to accommodate the prospect of conflict and dissonance in their working lives. It reflects badly on them. So the default position of most of our HR practitioners as one of optimism on the likelihood of aligned interests, and hence of mutual trust, is understandable.

But this stance *is* problematic when viewed through a trust lens. Aligned interests should build trust of course (Hurley, 2006), but many commentators, especially academics, see this as a Sisyphean task in the employment relationship, which contains within it a 'structured antagonism' between the two parties that, ultimately, will manifest itself at some point (Edwards, 1986) – whether in unjust appraisal and promotion decisions, or pay and bonus disputes, strikes or redundancies. At some stage, as Saskia observed, these optimistic expectations of unity of purpose are likely to be dashed on the rocks of commercial expediency.

Clearly many HR professionals disagree. Geare et al (2006: 1191) argued that while normative ideology might reflect beliefs on what *should be*, an HR manager's empirical ideology considers *what is*. Chris' admirably frank contribution exemplified this. He works in a densely unionised company and, when asked, he sided, normatively, with a unitarist standpoint (see the quote on page 10). Yet when we asked about HRM in his firm, he was not

only explicit about the rhetoric-reality gap first lamented by Karen Legge over twenty years ago, he seemed unapologetic about it:

> Chris: *That is the propaganda. I sell that story to the people at work. I preach that egalitarian, unitary line very strongly but everyone recognises that some of the time, it is not possible. The practice* [in his company] *is towards a pluralist frame* [i.e. an inherent conflict of interest resolved through negotiation and joint rule-making].

He expanded upon the reasons behind the rhetoric-reality gap:

> Chris: *There are times the employer knows what the right thing to do for people at work is, but owing to pressures of business, strategic priorities, financial priorities, the employer simply cannot do the right thing, and you have to explain why... why certain tough decisions, which disengage people and don't live up to the employee contract or deal, have to be taken.*

This mismatch in expectations – between signals and delivery – is a problem for trust, since trust is founded on positive expectations being fulfilled. Our concern is that the kinds of unitarist aspirations articulated by many of our interviewees and others (e.g. the CIPD), set a dauntingly high standard for HR professionals to achieve, and maintain. We recognise, however, the paradox of the alternative: realistic job previews, less ambitious cultural programming (i.e. fewer grandiose claims of unity), and even the accommodation of inherent conflict may set reasonable and deliverable expectations, but perhaps not very attractive ones!

**The HR practitioners' insights into trust.**

All of our interviewees hailed the centrality of trust in the employment relationship, their work, and the experiences of their colleagues. To take two illustrative quotes:

> Chris (Telecoms): [Trust is] *absolutely important, it is probably the most basic, most profound commodity of human transaction...*

> Danny (Automotives): *From the management perspective, if there is an absence of trust, then fundamentally, the capability of an organisation is reduced... If you have trust in the relationship and aligned goals, then you can move faster and be more*

*dynamic and productive. Over the years in* [his plant], *managers have worked very hard to ensure that trust is evident for those reasons.*

Rather than employees' trust in the firm, Sally saw managers' trust in their staff as being especially vital to her company's success:

Sally: [Trust] *is the ability of people to fulfil their role and responsibility on behalf of the company, representing the company how it wishes to be represented. Employees have to be trained and trusted to represent the company and go out to deliver. Management empowers employees to do their job and they trust them to do so. In the nature of our business, employees are trusted to go around doing their job without the company checking on them.*

Most interviewees had a similar, quite accurate conception of the process of trust as being based on validated or disconfirmed expectations:

Andrea: *Trust is a concept based on whether my actual experience is in line with what was espoused to me and what I am experiencing. If these two things are in line, then an employee can trust the organisation at large... Generally speaking, everybody knows that you have to deliver against what you say and if you do not, you lose credibility. There is a kind of 'say and do ratio': what you say and what you do. If you say a lot and do less, your ratio drops.*

Chris: *From the employee point of view, it is whether or not the employer lives up to the promise of employment made initially. Do the practices and behaviours and the nature of the work match up to what was offered and what was priced?*

Paul: *With trust, you expect to be treated fairly, given recognition for what you do, and be rewarded... It is having faith that you can rely on an organisation to treat you well and impact positively in your life.*

Thus, the centrality of trust is apparent, and the process is understood to be the demonstration of one party's trustworthiness, and of expectations being fulfilled, or not. Implicit in several comments is an acknowledgement of an element of risk, although Chris rejected the notion of employee being required to render themselves vulnerable to their employer – a legacy, perhaps, of the latent unitarist assumptions held by many of our practitioners. All three

highlight the importance of HR departments being able to set and deliver upon attractive employee expectations. But, to reiterate, these expectations need to be achievable.

## **Trust and the HR function.**

The interviewees were asked who should have responsibility for trust levels inside organisations. All argued that this cannot be the sole responsibility of HR:

> Andrea: *Anybody that is in a leadership position, and every individual in the organisation, has trust responsibilities... There are too many other players and so* [HR] *cannot be solely responsible. HR does have a leadership role in designing the 'architecture' within which the people side of things is brought to life.*

> Sue: *The responsibility is with the senior leaders, and the line manager relationship* [with employees] *is crucial. Staff need to feel that managers care, and will also take their interests into consideration. They also need to feel that they will be recognised for doing well, and to be inspired and motivated.*

> Paul: *The building of trust is everybody's responsibility, from the top to the bottom and vice versa, and those in the middle! … It is not fair to leave the building of trust as a responsibility of HR.*

Our interviewees argued strongly that HR's remit is to create the conditions for such trust to thrive, but it is up to managers, as 'owners' of their staff's psychological contract, to deliver on trust-building and trust repair. The line manager is responsible for the immediate working environment around an individual employee, and senior management are responsible for the organisation's wider culture. Saskia explained HR's guiding and cajoling role thus:

> Saskia: *It is the responsibility of the entire organisation and senior management team. HR has the ability to provide advice, measurement and kick-start its strategy but... HR cannot be responsible for organisational trust... HR should be on the senior management table with the CEO providing guidance and advice in decision-making in terms of its impact of employees and productivity and engagement. They should also maintain two-way communications between management and employees so as to understand what the issues are with the workforce,* [and] *create and put in place strategies that build trust proactively rather than reactively.*

Chris illustrated a systematic approach for how trust cascades from senior management through line managers to the workforce:

> Chris: *It is the responsibility first and foremost of senior management and leadership to create and role-model an environment where trust in management would thrive. It is the responsibility of middle and junior managers to then follow that through and to deal with their people in a way that reflects the trust and it's the responsibility of employees to live up to that and show a little bit of trust and less cynicism toward the organisation...*
> *I think HR can help to build the environment for trust to thrive through policies and practices and things that encourage and build trust... but it is the responsibility of people that work in various roles to build trust between themselves.*

Danny illustrated how trust is built between a supervisor and employee in his industry:

> Danny: *The relationship on a day-to-day basis is fundamentally between the employee and his frontline manager and it varies from function to function. The relationship is very strong and very team-oriented and so is the trust. The frontline supervisor looks after 20 people. He hires them, trains them, fires them, looks after their workstation and general well-being. That builds a very strong relationship between the employee and the frontline supervisors and that is where the clarity in expectations and objectives-setting take place... If the company* [including HR] *doesn't invest and help the frontline supervisor with the clarity of information and doing what it says it would do, then it is impossible for him to engender trust in that relationship.*

However, Paul offered some reflections on why this approach might prove problematic with these pen-portraits of typical management pre-dispositions to trust that he had encountered:

> Paul: *Your relationship with your employer is with a human being... Some managers may start with a position of trusting their employees and giving them an opportunity to do the job without them getting involved. Only when employees step out of the line do they discipline them. Other managers may think employees cannot be trusted so they treat the whole workforce as not been able to be trusted. It is more of an individual psychological issue for a person and not because they are managers.*

Devolving to line management of responsibility for the employment relationship (Francis & Keegan, 2005) and workplace trust (Whitener et al., 1998) fits with established strategic models of HR 'business partnering', which liberate HR practitioners for more 'value-added' activities as 'change agents' and 'strategic partners' (Ulrich, 1997). This is where they can

have the greatest impact, and HR practitioners are correct to argue that line managers are closest to their staff, and therefore the right people to lead on people management.

But, in trust terms, this approach might again place HR departments in a bind, for under this model, HR's impact and its own trustworthiness is refracted through, and determined by, the line managers. This mediated impact can work very well – Danny's justly lauded car plant and Sue's award-winning retail chain are notable examples – but HR professionals are essentially at the mercy of the whims and idiosyncrasies (e.g. levels of understanding, support, and dedication) of line managers for delivering on the expectations and obligations of trust HR has designed into their policies. Francis and Keegan (2005: 27) found that many managers have "neither the time nor the training [nor, we would add, the inclination] to give HR the priority it needs". As a result, the reputation of HR can become tainted unjustly. The next section explores how HR can address this second paradox.

**HR policies and their presumed impact on trust.**

If trust is built on the basis of confident positive expectations regarding another's conduct being fulfilled, then the implications for the design of HR policies and practices are apparent. Six and Sorge (2008), in a study of two Dutch firms, identified four broad policies:

1. A relationship-oriented culture that values acts of benevolence
2. Unambiguous 'relational signalling' (on what is expected of everyone), both vertically and horizontally
3. Explicit socialisation into the firm's values
4. Mechanisms to manage, match, and develop professional competencies.

We asked our interviewees for examples of how their HR policies can help to build trust.

Chris explained how trustworthiness is a core corporate and HR value:

> Chris: *We have enshrined 'trustworthiness' in our people. It is one of our core values. Trustworthiness simply means do what you say you would, do not let people down. And we measure people against that in our activities... The challenge is how to close 'the promise gap' [when the] espoused behaviours that attracted you to go work initially are not matched up by reality. The principal cause of employee disengagement is the gradual erosion of that trust.*

In line with the literature (Korsgaard et al., 2002), most interviewees argued for the importance of clarity as to what everyone is expected to aim for, and do:

> Andrea: *The fundamentals are that you are looking to espouse what the organisation is about. You are looking to be clear on what the deal in the organisation is... Modern employment needs to create opportunities where people can fully bring themselves to the workplace and, in return for performance, get personal growth opportunities... If you want people to bring their perspective, you have to share information. People have to understand why they need to do what you want them to do...*
> *HR makes very significant efforts. It ranges from setting standards, creating transparency and clarity, reinvesting in capability... Outcomes should not just be for the benefit of the organisation, but should be mutual. Being crystal clear on mutuality is fundamental in today's work environment.*

Linked to this, several interviewees pointed to the notoriously nebulous concept of 'communication' as key to the transparency and clarity of expectations that builds trust:

> Sally: *We are very focused on being very transparent about performance management, and evaluations, and more face-to-face time with employees rather than emails. You cannot judge trust well from someone who writes something... We have a lot of communication from senior management through video technology and blogs and it is very open... There is no lock-down on what people can say. Senior managers interact and are involved with the lower levels in the organisation.*

> Danny: *My version of trust is built on transparency, and a two-way flow of communication. Clearly a management team that tells one story in its communication and doesn't do that in practice – where practical examples do not match the communication strategy – would have a real problem in sustaining trust within the working environment. From a company's perspective, clarity of communication, walking the talk and delivering what you say is important in building trust, and from an individual perspective, clarity of expectation levels and performance levels keeps the plant in the forefront of business. In the plant, the management team displays what is required very clearly and why the company is going in a particular direction and it*

*does that through frequent communications at employee meetings, regular morning meetings, end of shift meetings, etc.*

*From the employee perspective, the whole performance appraisal process is underpinned by clarity and since there is no job description, you have to be clear about what you expect from someone. The expectations are made very clear and feed back is direct and positive.*

[Communication] *is underpinned by reward and recognition. Recognition in the sense of career development and growth, and reward in both career development and promotion, and also telling someone they have done a good job.*

Sue pointed to the value of employee voice as a way of fostering trust, although it is clear that her firm's network of staff forums, at store and regional and national levels, have a decidedly unitarist outlook and remit:

Sue: *We have a number of staff forums that are consultative; we use them to communicate changes, and about ways of improving the business. The forums are more about engagement than conflict resolution.*

On other main HR policy domains, recruitment and selection came first (as it does chronologically, of course):

Chris: *People coming into graduate jobs go through psychometric tests so as check how they measure up against the trustworthy values of the organisation.*

Sally: *For R&S we use psychometric tests, we make sure people know what we are. We let them know what is important to us in terms of competencies and from the get-go. People know when they join* [the firm] *what we look for in staff that we hire. Through induction we have open discussions with new hires and also get to know people's differences.*

Chris argued for the importance of training and development to enhance managers' own trustworthiness. But he hinted at the need sometimes for HR to challenge commercial imperatives and senior management strategies, in order to protect workplace trust:

Chris: *HR should be providing coaching and leadership development programmes. They should be providing direct feedback to senior managers as to what is good or bad* [behaviour]*, how they are performing and how they can be better role models. HR can perform this function if there is the willpower to do it or the courage to do it... It comes down to HR directors: are they big or strong enough to go to top management and tell them they are not behaving in the right way, or setting good examples, and*

*letting them know the impact on the employment relationship?... You cannot have a company saying one thing and doing the other.*

Paul outlined a similar role for HR in advocating and setting standards:

> Paul: *A good HR manager would try to influence the culture of the workplace by explaining why certain behaviours are important. It involves communication to explain why it is important for people to do things in a certain way... Good HR managers should* [also] *explain the context within which the business operates. The idea is to make sure everyone is treated equally fairly.* [This] *helps to engender trust. Communication and education are key concepts that good HR managers should try to promote.*

Sue described the following developmental policies in place in her retail firm:

> Sue: *We have a staff survey in which our employees can tell us how well they are being managed, and Area HR Managers then coach store managers on the results, and how to improve. We provide our store managers with training on how to get the best results from people: we encourage them to manage their staff as individuals. Regular 'People Reviews' are held with store managers, on what's going on and things to do* [in HR matters]: *succession planning, training, 'PDPs'...*

Sally noted HR's advisory and coaching role in disciplinary matters:

> Sally: *In HR we work one on one with managers on how to conduct themselves and where there is a breakdown in trust we are very much involved in trying to resolve that conflict.*

This can be tricky terrain, too. Harrington and Rayner (2011) found that if HR staff are seen as partial in their treatment of employees in disciplinaries, they can lose line managers' trust, as well as that of employees: the strategic partner/ employee champion conflict again (Caldwell, 2003).

**Conclusion.**

This chapter has explored trust's importance in the employment relationship and HRM, and revealed some of the challenges and tensions involved for HR professionals in signalling and maintaining trust in the workplace.

One way of interpreting our practitioners' insights is that some trust tensions may, in part, be created by HR departments themselves, from fostering unrealistic or unsustainable expectations and obligations; the mediated impact of HRM on trust from the devolvement (partial surrender of influence?) of policy implementation to line managers, and the role-conflicts that can arise in balancing HR's multiple imperatives. Specifically, short-term commercial, or managerial demands may require, or inspire, actions from HR practitioners which can undermine staff expectations, and even be antithetical to trust. Examples include excessive promises in branding campaigns; forced ranking in appraisals; opaque bonus schemes; tacit if reluctant tolerance of discrimination. Thompson (2003) sees these breaches of trust as the inevitable consequence of the 'disconnected capitalism' of the modern age. How HR practitioners handle these trust dilemmas is an area for further research.

One solution that suggests itself is the continuing work to bolster HR's internal credibility (Boselie & Pauuwe, 2005; Guest & King, 2004; Sparrow & Marchington, 1998). Buy-in from senior and line managers, and securing political influence within the organisation, is vital in supporting HR departments' insistence on doing what is right and fair, but also operationally sensitive and commercially viable. Credible HR functions, whose value is recognised by line and senior management, can find it easier to insist on best, rather than expedient, practice in people management. In other words, HR's own trustworthiness is a vital determinant.

Attention to the quality and capacity of line management is another area worthy of attention for HR practitioners, to avoid trust pitfalls. Appraisal, reward and training policies and interventions that develop managers' competence and character (i.e. their trustworthiness) can have a decisive impact on working relationships. Yet devising trust-inspired,

comprehensive but user-friendly HR policies is a complex undertaking. Additionally, HR managers face multiple demands when designing policies (strategic; financial; legal; professional; moral – Wright & Snell, 2005), and multiple constituencies – not just employees, but line and senior management. We propose that a trust audit – what expectations are being set by this policy, and can our people deliver on them? And does this policy encourage confident risk-taking, or stifle it? – would be a good place to start. We hope this chapter's insights into what builds trust can inform these designs.

## References

Baier, A (1986) 'Trust and Anti-Trust'. *Ethics*, 96 (2)

Barney J.B, & Hansen, M.H (1994). 'Trustworthiness as a source of competitive advantage'. *Strategic Management Journal*, 15: 175-190

Blyton, P and Turnbull, P. (2007). *'The Dynamics of Employee Relations'*. London: MacMillan.

Boselie, P & Pauuwe, J (2005). 'Human resource function competencies in European companies'. *Personnel Review,* 38 (5), 461-471.

Caldwell, R (2003). 'The changing roles of Personnel managers: Old ambiguities, new uncertainties'. *Journal of Management Studies,* 40 (4), 983-1004

CIPD (2010). *Creating an engaged workforce'*. London: CIPD.

Colquitt, J.A., Scott, B.A. & LePine, L.A (2007). 'Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance'. *Journal of Applied Psychology,* 92 (4), 909–927

Davis, J.H., Schoorman, F.D., Mayer, R.C., & Tan, H.H. (2000). 'The trusted general manager and business unit performance: Empirical evidence of a competitive advantage'. *Strategic Management Journal*, 21, 563-576.

Dietz, G., and Hartog, D. (2006) "Measuring Trust inside Organisations" *Personnel Review*, 35 (5) 557-588.

Dirks, K.T & Ferrin, D.L (2001). 'The role of trust in organizational settings'. *Organization Science,* 12 (4), 450-467

Edelman (2009). *'Edelman Trust Barometer 2009'*. London: Edelman

Edwards, P (1986). *"Conflict at work: a materialist analysis of workplace relations"*. Basil Blackwell: Oxford

Emmott, M (2006). *What is employee relations?'* London: CIPD.

Fox, A. (1974). *'Beyond contract: Work, Power and Trust Relations'*. London: Faber and Faber.

Francis, H & Keegan, A (2005). 'Slippery slope'. *People Management,* 30 June, 26-31. London: CIPD.

Geare, A., Edgar, F. and McAndrew, I. (2006). 'Employment Relationships: Ideology and HRM Practice'. *International Journal of Human Resource Management*, 17 (7), 1190-1208.

Gillespie, N & Dietz, G (2009). 'Trust repair after an organization-level failure'. *Academy of Management Review,* 34 (1), 127-145

Guest, D & King, Z (2004). 'Power, innovation and problem solving: The Personnel Manager's three steps to heaven?' *Journal of Management Studies,* 41 (3), 401-423.

Hardin, R (1993). 'The street-level epistemology of trust.' *Politics and Society*, 21: 505-526

Harrington, S., & Rayner, C. (2011). 'Whose side are you on? Trust and HR in workplace bullying', in R. Searle & D. Skinner (Eds.), *Trust and HRM*: Edward Elgar.

Herriot, P., Manning, W and Kidd, J (1997). 'The content of the psychological contract'. *British Journal of Management*, 8, 151-162

Heskett, J.L (1997). *'The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction and Value'*. New York: Simon & Schuster.

Hope-Hailey, V., Farndale, E and Truss, C (2005). 'The HR department's role in organisational performance'. *Human Resource Management Journal,* 15 (3), 49-66

Hurley, R (2006). 'The decision to trust'. *Harvard Business Review.* September. 55-62

Korsgaard, M. A., Brodt, S. E., & Whitener, E. M. (2002). 'Trust in the face of conflict: The role of managerial trustworthy behavior and organizational context'. *Journal of Applied Psychology,* 87 (2), 312-319.

Lewicki, R., McAllister, D., and Bies, R. (1998). ,Trust and distrust: New relationships and realities'. *Academy of Management Review*, 23 (3), 438-458.

Lewicki, R., Tomlinson, E.C., & Gillespie, N (2006). 'Models of interpersonal trust development: theoretical approaches, empirical evidence, and future directions'. *Journal of Management,* 32 (6), 991-1022.

Mayer, R.C., Davis, J.H. & Schoorman, F.D (1995). 'An integrative model of organizational trust.' *Academy of Management Review,* 20 (3), 709-734.

McEvily, B., Perrone, V. and Zaheer, A. (2003). 'Trust as an organizing principle'. *Organization Science,* 14, 91-103.

Robinson, S.L (1996). 'Trust and Breach of the Psychological Contract'. *Administrative Science Quarterly*, 41, 574-599

Robinson, S.L & Rousseau, D.M (1994). 'Violating the psychological contract: not the exception but the norm'. *Journal of Organisational Behaviour,* 15 (3), 245-259.

Rousseau, D.M., Sitkin S.B., Burt, R.S. & Camerer, C (1998). 'Not so different after all: a cross-discipline view of trust'. *Academy of Management Review*, 23 (3), 393-404.

Rubery, J., Earnshaw, J., Marchington, M., Cooke, F.L. & Vincent, S. (2002). 'Changing Organizational Forms and the Employment Relationship'. *Journal of Management Studies.* 39 (5), 645–72.

Salamon, S.D & Robinson, S.L (2008). 'Trust That Binds: The Impact of Collective Felt Trust on Organizational Performance'. *Journal of Applied Psychology,* 93 (3), 593-601

Searle, R., & Skinner, D. (Eds.). (2011). *'Trust and HRM'*. Chichester: Edward Elgar.

Searle, R., Den Hartog, D., Weibel, A., Gillespie, N., Six, F. & Hatzakis, T (in press). 'Trust in the employer: The role of high involvement work practices and procedural justice in European organizations'. *International Journal of Human Resource Management.*

Searle, R., Weibel, A., & Den Hartog, D. N. (2011). 'Employee Trust in Organizational Contexts', in G.P. Hodgkinson & J.K. Ford (Eds.), *International Review of Industrial and Organizational Psychology* (Vol. 23): Wiley.

Simons, T (2002). 'The high cost of low trust'. *Harvard Business Review,* September, 18-19.

Six, F. & Sorge, A. (2008). 'Creating a High-Trust Organisation: An Exploration into Organisational Policies that Stimulate Interpersonal Trust Building'. *Journal of Management Studies*, 45 (5), 858-884.

Skinner, D., Saunders, M.N.K., & Duckett, H (2004). 'Policies, promises and trust: Improving working lives in the National Health Service'. *International Journal of Public Sector Management,* 17 (7), 558-570.

Sparrow, P. & Marchington, M. (1998). *'Human Resource Management: The New Agenda'.* London: Financial Times.

Thompson, P (2003). 'Disconnected capitalism: Or why employers can't keep their side of the bargain'. *Work, Employment and Society,* 17 (2): 359-379

Tsui, A.S & Wu, J.B (2005). 'The new employment relationship versus the mutual investment approach: implications for human resource management.' *Human Resource Management,* 44 (2), 115-121.

Ulrich, D. (1997). *'Human Resource Champions'.* Boston, MA: Harvard Business School Press.

Ulrich, D. & Brockbank, W (2005). *'The HR Value Proposition'.* Boston, MA: Harvard Business School Press.

Whitener, E. (1997) 'The impact of human resource activities on employee trust'. *Human Resource Management Review*, 7(4) 389-404

Whitener, E., Brodt , S., Korsgaard, M and Werner, J (1998). 'Managers as initiators of trust: an exchange relationship framework for understanding managerial trustworthy behaviour'. *Academy of Management Review*, 23 (3), 513-30

Wright, P.M and Snell, S.A (2005). 'Partner or guardian? HR's challenge in balancing value and values'. *Human Resource Management,* 44 (2), 177-182