

Trust is a foundation banks need for employee retention

The foundation of the banking industry is, indeed, trust. After all, the word "trust" is included in many banking organizations' name. And, it is the trust factor that allows customers to "entrust" the bank with one of their most precious assets – money.

In today's business environment of scandals and abuse of power and funds, trust has become even more important, especially as a foundation of a workplace that attracts and retains talented employees. This article discusses how trust relates to employee retention, and how bank management can ensure an atmosphere of trust exists within the bank.



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By definition, "trust is the firm reliance on the integrity, ability, or character of a person."¹ In the banking industry, the cultural values of trust are further intertwined among the relationships. If trust does not exist, customers will not choose to do business with the bank. Likewise, trust values must be prevalent in order for the bank to be considered as an employer of choice. Individuals, whether customers or employees, simply do not want to affiliate themselves with organizations that do not exemplify these values.

It is clear that trust is a necessary cultural value for employee retention. Employees want to work for management whom they trust, and who, in turn, trust the employees. When the trusting relationships exist, employees are more likely to stay with the bank.

An example of the dramatic effect that trust can have on employee retention is demonstrated by the experience of military commander Capt. Michael Abrashoff, naval commander of the guided missile destroyer in the Navy's Pacific Fleet, the U.S.S. Benfold. In the first two years of his leadership, the retention rate rose from 18 percent to over 99 percent. Captain Abrashoff attributes this increase by the following statement, "Soon after arriving at this command I realized that the young folk on this ship are smart and talented. And I realized that my job was to listen aggressively – to pick up all the ideas that they had for improving how we operate. The most important thing a captain can do is to see the ship from the eyes of the crew – you have to trust your crew."²

The presence of trust in the bank's culture yields many benefits, in addition to employee retention. A high level of trust among relationships of stakeholders can encourage creativity, productivity and initiative. Gordon Shea, a well-known organizational consultant, describes the "magic" of trust as follows: "Trust is the 'miracle' ingredient in organizational life – a lubricant that reduces friction, a bonding agent that glues together disparate parts, a catalyst that facilitates action. No substitute – neither threat nor promise – will do the job as well."³

Despite the miracle ingredient that trust is, in many of today's organizations, trust is decreasing. According to a recent WORK USA survey conducted by consultants at

Watson-Wyatt, the percentage of employees with confidence in senior management declined by six percent in the two years from 2000 to 2002.⁴

These statistics, while staggering, present a dilemma for bank management. Overall, trust is apparently declining, but these statistics do not provide insight into levels of employee trust for a specific bank.

Therefore, it is important that bank management assess the level of trust among employees to determine appropriate courses of action to continue to build trust and employee retention.

How does bank management go about assessing the current level of trust? Some might perceive that trust is fine unless management hears otherwise. However, this is one situation in which, "No news is NOT good news!" It is a dangerous presumption that everyone trusts the organization just because you don't hear otherwise. When trust levels are low, communication channels are less open, and there may be a great deal of mistrust brewing through the grapevine and in situations outside of bank management's awareness.

As with other components of measuring factors related to employee retention, the use of surveys, feedback sessions and focus groups can be insightful to the levels of trust and the underlying factors. Sample areas to explore with employees through these assessments of trust include:

How employees receive information

- Are employees receiving information directly from management or indirectly through the "grapevines" and other informal channels?
- Are there situations in which employees have first learned of changes at the bank by reading the newspaper or through local media?
- Do employees receive feedback from management about ideas and suggestions presented? Even if the ideas are not implemented, do employees understand why?
- Are financial statements and other documents readily available and communicated to employees?

How employees convey information

- Are employees willingly encouraged to bring ideas and suggestions to management; in these situations, is management receptive to the ideas?
- Do employees have input regarding how changes will affect their jobs?

Perception of management

- Do employees perceive that management actions are consistent with the bank's stated values?
- Are employees confident that managers and supervisors do not withhold information and openly communicate with employees?

A complete trust inventory is available through www.grsainc.com.

Once the assessment of trust is completed, it is important that management compile the results and provide a summary of them to employees. Communicating the results of surveys and focus groups is every bit as important as the assessment itself.

From the results, bank management can then develop an action plan to address areas identified in the assessment. A good strategy to employ is to involve employees in defining action plans.

By doing so, bank management can be assured that employee commitment to needed changes will be higher, and generally employees have excellent ideas for improvement.

In some situations, bank management may inherit an atmosphere of low trust, possibly due to previous management, unpleasant mergers, etc. However, the process of assessing trust, identifying the reasons for its current state, and involving employees in determining course of

action to improve trust will be successful, even if current management is not directly responsible for the current state of trust. The timeframe for rebuilding trust to higher levels may be extended, depending on the depth of negativity of trust with employees. In other words, the lower the trust level, the longer it may be for implementing improvements and increasing trust levels.

It is also important that bank management regularly assess the level of trust, even when it appears that trust is at a high level. The paradox about trust is that it may not be obvious when it declines, but once trust is gone, it is difficult, painful and resource-consuming to rebuild. Therefore, it is prudent to identify and maintain high trust levels on a continual basis.

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Footnotes

¹<http://dictionary.reference.com/search?q=trust>; <http://dictionary.reference.com/search?q=ethics>

² McKee, Thomas. "People Leave Managers, Not Companies: How to Increase Employee Retention," www.advantagepoint.com

³http://www.psc-cfp.gc.ca/publications/monogra/mono1_e.htm

⁴<http://www.watsonwyatt.com/news/press.asp?ID=10221>

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Percentage of Employees with Confidence in Senior Management

