



Building Employee Trust

The most effective way to build trust in the workplace is to work together. There are no magic gimmicks or other simple solutions. Trust cannot be created by excessive wages, great company picnics or wonderful working conditions; it can only be generated through teamwork, honesty and fairness. Although trust and productivity are complex issues and represent only part of the total fabric of interpersonal relationships in small businesses, three attributes appear to have a positive effect on trust in successful small businesses:

- The owner-manager of the small business is open and honest about the day-to-day business operations.
- The owner-manager of the small business is consistent and fair about personnel policies.
- The owner-manager spends a great deal of his or her time concentrating on good communications with those working in the firm.

Honesty

Secrecy breeds suspicion. Whenever information is kept on close hold, the context becomes open to misinterpretation. Total quality improvement is based on the concept that workers care as much about the success of the small business as the owners do. Studies of small businesses indicate that employees tend to overestimate profits by substantial amounts. These same studies indicate that when true financial information is shared with employees, substantial cost controls are voluntarily initiated by all members of the work force.

Whenever in doubt concerning the amount of information to share with employees, experience indicates that too much is better than not enough. Never lie to workers about human relations issues. Institutional memory is long term; any deceit will be remembered for many years. Note that employees talk with each other and inconsistencies will be quickly detected and brought to the surface frequently to your embarrassment. The following are suggestions on how to avoid this dilemma:

- Take time to talk with your workers.
- Find out what they're thinking.
- Find out what they'd like to know and tell them whenever possible.
- Don't tell only good things.
- Allow employees an opportunity to provide you, the owner, with information, questions and suggestions.

In this way, communications are two way.

Fairness

Fairness ranges from consistency in personnel actions and fair market practices to adherence to the various laws governing the workplace.

The concept of due process requires that a small business follow its own rules and policies. Employees must be treated the same when it comes to personnel issues.

Each worker should have an equal chance to perform at his or her best. Decisions concerning rewards, promotions and advancement should always be based on performance, and good performance should be spelled out in the job description. When performance is equal among employees, seniority should be used to break ties.

The key to healthy work relations is managing communications within the firm. Most of the communication will flow as orders and instructions to employees. Nevertheless, communicating (and honesty and fairness) is a two-way process. It is difficult for employees to be intelligent and enthusiastic teamworkers if they do not know the reasons behind orders and instructions. Perhaps even more important is giving employees the opportunity to contribute ideas and opinions before the manager-owner makes a decision. This adds dignity and meaning to the job in the eyes of most employees and their families.

Communicating includes telling employees where they stand, how the business is doing and what future plans are being developed. Negative feedback may be necessary at times, but positive feedback should be the primary tool for establishing good human relations. Never forget that employees are people, and that they will quickly detect insincerity. They also will respond to honest efforts to treat them as mature, responsible adults. Some practical human relations techniques that stimulate two-way communications include:

- Periodic performance review sessions (every three months).
- Bulletin boards.
- Suggestion boxes.
- Newsletters.
- Regular open meetings.

The Personnel Manager

Many small businesses cannot afford a full-time specialist to deal with human resource problems. However, as a business grows, its structure becomes more complex and personnel problems increase in number and potential cost. At a certain point in the typical small business, it becomes apparent that a full-time or part-time personnel manager is needed. Conditions that indicate the necessity of a personnel manager include:

- The firm has more than 100 employees.
- Employees are represented by a union.
- Turnover is very high (and costly).
- The need for skilled or semiskilled labor creates problems in recruitment or selection.
- Employee morale is low.
- Competition for good personnel is especially keen in the market area.