Interview with Paul J. Zak

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What are some of the most effective ways to build trust in an organization? Conversely, are there common practices that breed mistrust? And how does recognition impact trust levels on a team and at a company level?

To answer some of these questions, we sat down with Paul J. Zak, founding director of the Center for Neuroeconomics Studies at Claremont Graduate University. Zak is interested in how trust works within teams in organizations. He's given a TED talk on the topic and recently released a book titled, *Trust Factor: The Science of Creating High-Performance Companies*.

Read the full interview below.

Why should HR and business leaders care about trust?

Companies are groups of people. People naturally form teams so they can work together. There are also frictions that occur when you have people in groups. But when team members trust each other, we've shown that those frictions are reduced and people work more effectively as teams.

There's also a war for talent, and we all want the best people to work in our organizations. Having a culture that facilitates not only effective work, but also work that's important – work that creates a sense of purpose and value with a group of people that you care about and who care about you – is the kind of place at which most of us want to work.

Creating a trusting culture is valuable because it keeps, attracts, and retains the best talent, and creates an opportunity for that talent to be effective.

What's the most surprising thing about trust that you've learned in your research?

High-trust cultures allow people to have full buy-in for the projects they're working on, and because of that, people love what they're doing, because they understand why it's important, even if it's hard.

One of the components we've discovered that high-trust cultures use is stretch goals. When you have stretch goals that have clear, concrete endpoints, and you're achieving those goals as a team, then the brain is motivated to produce a suite of neurochemicals that make working with your team more efficient and make productivity higher.

At the same time, once you've worked really hard for a month or two months on this hard project, the brain needs a period of reflection. You want to celebrate the win. You want to be recognized by your peers.

So there's a feedback loop between having hard goals, being empowered to achieve those goals with a trusted team, and having the tools do it, including the ability to make a mistake without being punished, and then being recognized for that work.

What are some effective ways to build more trust at work?

In the research we've done over the last 10 years, we identified eight building blocks to create a culture of high trust, and they spell out the acronym "OXYTOCIN," so they're easy to remember.

The first one is "ovation," which is our word for recognition. Recognition has a bigger effect on the brain and behavior when it is unexpected, when it is coming from peers, when it's close in time to when the goal was met, when it's tangible, and when it's personal.

A company I spent some time with in St. Louis called Barry-Wehmiller makes automation equipment for factories, and they have about 60 or 70 small- to medium-sized businesses they run throughout North America and Europe. One thing they started doing is having people within each of these companies vote on which colleague had the biggest impact on their life.

The question isn't, "who's most productive?" But, "who had the biggest impact on your life at work?" I think that's a very interesting choice about recognizing the whole person at work.

The votes are tallied up and then they close the plants for a day to recognize that person. Everyone shows up for the celebration, and unbeknownst to the person who's getting recognized, they invite his or her spouse, family, close friends, and they read out the letters that recognize why this person has had such an impact on their colleagues, and then they give them the keys to a bright yellow sports car to drive for a couple weeks around town.
That's one example, and there are many more in the book, on how to get the biggest impact by starting with what happens in the brain that drives our behavior.

What are some common practices that breed mistrust?

Many people believe that management involves fear, but fear is not a long-term motivator. Neurologically, fear is a potent inhibitor of the suite of neurochemicals, including oxytocin, that causes us to want to cooperate with others, trust others, and work effectively together.

One of the eight building blocks of trust is a component I call "natural." If you're a leader, you can be vulnerable. You can tell others you can't do everything because you can't. That's why you have an organization around you. You can ask for help. You can be honest and you can let your imperfection show. In fact, people find those with imperfections much more appealing.

The other factor that inhibits oxytocin release and trust is uncertainty. One of the key building blocks of trust is transparency. Let people know not only what's happening, but why it's happening, so you reduce uncertainty.

Do you see a social recognition program as a key component of building a more trusting culture?

Yes, absolutely. What we all want to do is be on the same page. We all work in the same organization, we all have the same or very similar goals, and by having a public newsfeed, we're all talking about it. We're all on the same team. Let's be there together, and let's continue to recognize the high performers.

We're seeing a lot of research on continuous conversations and feedback replacing the annual review. How does your research inform new performance management practices?

If as a supervisor I'm setting very clear goals for you, if I'm mentoring you and advising you to help you reach those goals, then I'm getting a lot of performance data from you and giving it back to you all the time. You know if you're meeting your milestones. In fact, many companies I've worked with make these milestones public, so everyone's

working in the same direction. Once you have all that, then the annual review, which is generally backward-looking, is not valuable.

I use something I call the Whole Person Review, which is a forward-looking annual review. I like to use very provocative questions, like, "Am I helping you get your next job?" I want to hear that honestly. I want to be invested in human beings, not in a piece of human capital.

Another part of the Whole Person Review is on colleagues' personal lives. I ask questions like, "How are you developing as a human being? Is your family happy? Are your children flourishing? Is your spouse happy here?"

And then lastly, I want to be sure people have an opportunity besides work and family life to do something meaningful. I ask, "What are you doing that feeds your soul? What is it that makes you happy outside of work and family? Do you have time for that?"

What does a more human workplace mean to you?

It's where work is a shared endeavor. If we're all in this together, then I need to empower the people who are doing the work to be successful, and that means at every level, all over the organization.

When we create situations where people are disempowered or distrusted or micromanaged, then we're treating people like robots. But we're all human, and we can innovate and think. It also means we're imperfect and we make mistakes. And we have emotions, and personal lives, and other things that affect how we're working on a day-to-day basis. So we should recognize all those things.