

## Trust and Truth: Looking Back at Two MNC Plants in Poland at the Time of the Switch from Planned to Market Economy

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### **Abstract**

*Trust in labor relations is essential for social institutions, governments, economies and communities to function properly. Going back to the late 1990's and early 2000's in Poland, which saw the switch from planned to market economy and a cultural change, this article aims to put an emphasis on trust and truth, long considered critical values in effective management. Relating the author's own experience as a Director at Ford Motor Company, Poland, from 1992 to 2002 and as an academia, it considers both theoretical and practical issue of corporate trust and outlines some programs designed to promote and maintain cultivate trust values in a company. Although the data presented in this study comes from a multinational's plants in Poland, it may well be generalized to other parts of the world, all the more as this MNC has branches on every continent, included in Thailand. This Study should be treated as a contribution to the field of Trust which has witnessed a renewal of attention in the wake of the recent global economic turbulence.*

**Key words:** *Trust, truth, integrity, transparency, candor.*

### **Introduction**

It is well worth noting at the onset of this study that the June 2009 edition of the Harvard Business Review was entirely devoted to the topic of Rebuilding trust in the business world. This was no coincidence since it came in the wake of some huge financial corporate scandals that wreaked havoc on some companies and their stakeholders. All the more as, that same year, the Gallup Public Opinion Poll Institute, conducting research in nine countries<sup>1</sup> on people's trust in institutions and management, reported that the level of trust was going down. Add to this the several recent international conferences devoted to trust and the picture that emerge is clearly one of a generally heightened concern for this issue.<sup>2</sup>

This renewal of interest in the issue of corporate trust and truth can be largely accounted for by the series of high profile scandals in the United States (Enron,

WorldCom and Tyco), in China (the melamine scandal), and the recent controversial leaks by Wiki leaks; all of which suggesting that this issue goes well beyond the confine of the USA. It is global.

Trust will also be at the core of this study whose main goal is to consider programs that could be used in companies to create and maintain trust in labor relations. They are based on the author's experience from 1991 to 2002 at two Ford Motor Company's (Ford Motor) plants in Poland, where she was involved in several capacities; as director, management consultant, trainer, mentor, coach, and Board member. The data presented therefore come from her active participation in all the human systems related programs put in place at that time at the following two plants: Ford Poland, a car assembly plant built by Ford Motor (the author worked there from 1991 to 2000) and Visteon Poland, a producer of automotive parts acquired by Ford Motor in the late 1990s (the author did consulting work for them in 1998 and Human Resources Manager from 1999 to 2001).

Apart from being collected through participation, data was also gathered through interviews with employees and management,

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review of company documents, and employee surveys. However, since it is Ford Motor's policy not to allow its recent data to be published for research and academic purposes, the information collected for this study does not go beyond the year 2002. Still, in spite of this data restriction, this study remains quite relevant as it concerns a global issue, whose main contours remain constant. The findings in Poland are thus applicable to much of the world.

After considering the theoretical and factual backgrounds to this study in part one and two, this article, drawing from the author's experience at two Ford Motor plants in Poland will then focus on how to build and maintain trust and truth, integrity and candor in a company.

### ***1. Theoretical Background to this Study***

Even though the issue of trust in organizations has been given more attention lately, earlier research on employee satisfaction and productivity reveals that trustful relationships among employees and management generate efficient and highly productive work, loyalty and commitment and generally cooperative spirit. (Lyman, 2009). Clearly, the effectiveness of trust is a well-established fact.

Trust is a belief that the other person is able and willing to act in accordance with mutual norms and agreements. As MacDonald, Kessel and Fullerth (1972) pointed out, there are two types of trust in human relations; Contractual Trust and Disclosure Trust.

Contractual Trust is "an expectancy held by individual or a group that the work promise in the verbal or written statement of another individual or group can be relied upon" (Rotter, 1967). If someone says she will do something, that person will in fact do it as if obligated by a binding contract. This kind of trust can thus also be referred to as responsibility and accountability. In an organization, when a supervisor trusts an employee, this means he/she believes that employee will deliver the work as required and on time. Likewise, an employee will

trust a manager if he/she knows that manager keeps his/her promises.

Disclosure trust "is the expectation that if a person communicates feelings, opinions and values to others, they will listen with respect and care and will not use the information to hurt the teller" (Jourard, 1964).

Bennis (1971) included two features of trust in his definition of organizational trust: responsibility and disclosure: "Trust is a person's confident expectations that another person's behavior will be consistently responsive and supportive to the mutual interests." Another component of trust is honesty at work; sharing information and feelings that are directly relevant to job issues or tasks. Honesty is defined operationally as a willingness to share information, either of fact or of feeling that may contribute to group problem solving. It is a group norm and a trait of effective leaders (Mink *et al.*, 1979). Thus, trust in the context of an organization means that the corporation is presumed to comply with its policies and code of ethics, abide by the law and fulfill its promises.

Research shows that trust is a key factor in developing effective work groups (Ibid) and remains an essential ingredient of constructive change (Bennis, 1971). Trust is a prerequisite for building a community (Misztal, 2000). Contractual and Disclosure Trust help in effective leadership. A leader of an intimate team earns loyalty. Also a willingness to pass on honest information is a necessary ingredient to facilitate personal and group problem-solving (Mink *et al.*, 1979). Disclosure Trust can also be referred to as intimacy, friendship or openness.

As an emotional side of human relations, intimacy brings personal involvement in the group. Disclosure trust to the extent that it can be generated in a company gives employees and managers freedom to openly express their feelings without having to expect being hurt by another person or group.

Intimacy in the organization starts with a commitment to get to know people behind

the mask of their job title, role or function. Team members show feelings, speak openly about what they believe in, think, and aspire to be. People answer honestly if someone asks them (Mink *et al.*, 1979). Although, at the onset, creating a climate of trust requires a lot of time and attention from the leader in terms of managing his/her team, it will soon generate great time savings. Employees under the helm of effective leaders learn to trust them in situations where positive consequences occur. Research also shows that a lack of trust in labor relations decreases job productivity and motivation to work as well as one's satisfaction from one's job (Robbin and Judge, 2008). Indeed, distrust causes productivity decline and increase employee turnover rate (Ibid). Trustful behavior should be developed and cultivated in company; which raises the issue of how trust and truth are connected.

In theory, trust among people develops under the condition that truth exists. We trust those who do not lie to us. Once we believe that what people tell us is true we trust them more. However, as the practice of management suggests, telling the truth is not always easy within the context of a company. There are barriers to telling the truth in an organization. This is largely because most of us leave and work in structures in which the need to tell the truth clashes with other loyalties built into the organizational system; i.e., loyalty to the boss, to employees, to the rewards and to other incentives.

As a matter of fact, management practice has developed a whole array of formal and informal punishments to be inflicted to those speaking frankly such as, for example, sarcastic humor, harsh personal remarks, unnecessary grunt work, not to mention more severe ones such as demotions and job termination (Mink *et al.*, 1979).

In many cases, senior executives are often the most eager of all to tell the truth. Today, it is not unusual for them, for instance to openly say to employees: "I don't know the answer, but I have faith that we will figure it out" even though employees expect top management to know all the answers (Ibis). Still, that openness is also a

factor of the culture one belongs to. In many countries it still crashes with the work culture. These considerations bring us to the notion of integrity, candor and transparency.

Integrity, transparency and candor are more part of the business semantics than the notions of trust and truth which pertain first and foremost to the realm of psychology, philosophy and religion. Integrity can be defined as employee and employer honesty and ethical behavior. The word integrity, which stems from the root word integral (whole) suggests that all parts of the human personality are harmonious and balanced. "People with integrity tell the truth and keep their words. They take responsibility for past actions, admit mistakes and fix them. They know the laws in their country, industry and company – both in letters and in spirit and abide by them" (Welsh, 2007).

Transparency implies openness, communication. Transparent procedures for companies include seeking to maintain a consistent, unambiguous position in the mind of their audience. Transparency in company policy, financial reports, company profits, strategy means that all that is openly presented to employees, published and broadcasted internally as well as externally.

Candor means frankness or sincerity of expression; openness and freedom from prejudice and impartiality. Welsh (2007) referred to the lack of candor in a company as the *"biggest dirty little secret in business [... that] basically blocks smart ideas, fast action and good people contributing all the stuff they got. It's a killer [...] I am talking about how too many people too often instinctively don't express themselves with frankness. They do not communicate straightforwardly or put forth ideas looking to stimulate real debate. They just don't open up [...] they withhold comments or criticism [...] They keep their mouth shut in order to make people feel better or to avoid conflict, [...] lack of candor is missing in performance appraisals."*

Finally, trust and truth, integrity and candor cannot be expected in a company if these values are not clearly stated in its mission statement as part of the value

system, requiring trust-based behavior every day from employees and leaders, and if they are not used as criteria in the evaluation, appraisal and rewarding systems of the company. In short, it is the company's responsibility to keep reminding employees of the importance of these values. As Welsh (2007) stated, *"Clarity around values and behavior is not much good unless it is backed up. To make values really mean something companies have to reward the people who exhibit them and punish those who don't. [...] I say that because every time we asked one of our high-performing managers to leave because he didn't demonstrated values - and we said as much publicly - the organization responded incredibly well."*

## **2. Factual Background to this Study**

Before considering the programs developed at Ford Poland and Visteon Poland to create and maintain trust, it is necessary to describe these two plants at the time the author started to focus on trust relationships at both of them. These two plants had very little in common in terms of location, size, and labor characteristics.

Established in 1993 as a brand new car assembly plant located in an industrial park developed on empty fields, Ford Poland was much smaller than Visteon Poland, built in the late 1950's and operating with a labor force three times larger (about 1,200 in total versus almost 400 for Ford Poland).

Ford Poland's employees were young; 25 on average for the workers and 30 for the administrative staff. Each had been carefully selected after going through a screening process set up by the author. 80% of the workers graduated from vocational high schools and 80% of the staff had a university degree. Moreover, most of them had a solid command of English. Few, if any, had never worked in a plant run by the state as part of the now defunct socialist economic model, and all were quite enthusiastic and proud to work for a global conglomerate. All exhibited such a high level of independence that they were able to work with little or no supervision. They were also eager to learn,

were quite open to change, and had good communication skills. Equally importantly, compensation was high compared to local factories. The plant was not unionized.

In contrast, Visteon Poland's employees were much older, 43.5 years old on average, and a seniority averaging 19 years. They were less educated, less paid and unionized and had a long experience of working under the communist system. Over 50% of the workers had received little education past primary school and less than 20% of the administrative staff had graduated from university.

The company, once prosperous and powerful thanks to the export of the whole of its production to the former Soviet Union, has since been going through some difficult times, starting with the political changes in Russia and Poland in 1989 when exports stopped and finally in 1998 when the plant was converted from a state-owned entity to a privately-owned one. In the course of the 9 years it took for Visteon Poland to transform and re-engineer itself, the number of employees shrank from 5,000 employees at its peak to 1,600 in 1998 and down to 1,000 in 2000 following another restructuring of the company.

Most employees went through traumatic experiences as the result of the constant changes of status and position and employment reduction. Many felt devastated and the plant was marred by low productivity, quality and motivation. From the time Visteon Poland was bought by Ford Motor Co in 1998, it took another two years and more transformations to become profitable.

The labor climate at both plants was also characterized by the same binary oppositions. Whereas a high level of trust existed among employees and management at Ford Poland, the opposite could be observed at Visteon Poland where the level of trust among employees and management was very low. And while happiness, satisfaction and love predominated at Ford Poland where people liked each other, fear overwhelmed Visteon Poland; fear of loosing

one's job, fear of constant change, and fear of seeing former privileges, positions and status removed.

### ***3. Building, Maintaining and Monitoring Trust and Integrity among Employees and between Employees and Management: Five Programs***

In an effort to build, maintain and monitor a climate of trust, integrity and transparency, Ford Poland and Visteon Poland implemented the following: (i) Mission and Values Statements; (ii) a Code of Ethics (called Transparency Policy at Ford Poland); (iii) a Program Monitoring Job Attitude and an Employee Satisfaction Survey; (iv) Performance Appraisal; and (v) a Citizenship and Social Responsibility program.

It should be noted that most of these programs were not indigenous to Ford Motor Poland but, starting in 1992, were implemented as part of Ford Motor's global effort to instill trust and maintain integrity at its operations the world over, the slight differences in the programs reflecting local culture.

#### ***(i) Mission and Values Statements: Implementation and Training***

A mission statement shows employees the direction to go, i.e., the company's purpose and what it wants to achieve in the future. It is a powerful tool for the company's existence, survival and development, which, to be fully effective, has to be shared, accepted and understood by employees. Since the mission and values statement were part of a worldwide effort by Ford Motor, both Ford Poland and Visteon Poland ended up operating under the same philosophy in spite of their very different backgrounds and perceptions of trust, truth and transparency as previously mentioned.

Integrity had been identified at both Ford and Visteon plants as the most critical principle for effective leadership. It was a core value for all the companies' employee and in terms of leadership Standards. Leaders in particular had to demonstrate

integrity in their behavior.

#### ***- At Ford Motor***

The mission and values statements read in part as follows: *"our business is driven by our consumer focus, creativity, resourcefulness and entrepreneurial spirit. We are an inspired, diverse team. We respect and value everyone's contribution [...] our integrity is never compromised and we make a positive contribution to society. We constantly strive to improve in everything we do. Guided by these values we provide superior returns to our shareholders"* (Ford documents on Mission and Values Statements, 2002).

Integrity was a three-prong test. A person demonstrating a high level of integrity would: (i) exemplify honesty and maintains trustworthiness; (ii) demonstrate dependability; and (iii) exercise principled judgment (Meaning of Integrity presented by Bill Ford, CEO Ford Motor Co, 2000 in Media Company News).

#### ***- At Visteon Poland***

Its Mission Statement read as follows: *"Visteon is committed to maintaining a culture that fosters integrity, collaboration, diversity and professional growth. Concurrently, employees are accountable to its Ethics Policy and are expected to conduct their activities in accordance to these standards. It is through a steadfast set of core values and leadership standards that Visteon demonstrates integrity and discipline"* (News Releases, 2000 – 2001)

At Visteon, integrity was also one of the core values included in the company value system together with six other values: innovation, safety, customers, people, shareholders value, and citizenship respectively. The following quote from Peter Pestillo, Visteon Vice-president, underlines the importance of integrity for the company's sustainability and growth: *"Integrity is meant as the highest ethical standards demanded from management and employees. It comes down to people doing the right thing – not looking for personal gain or to reward others by taking advantage of ambiguity or uncertainty. Effective companies are*

*committed to integrity*” (Pestillo, 2001). The link between integrity and effectiveness is clearly stated.

All Visteon Poland employees were trained by the author to understand the meaning of the company’s values, mission and vision statement and Code of Ethics.

*(ii) Code of Ethics: Transparency Policy*

The next step in creating and maintaining trust, integrity and transparency was to include these values in the company’s code of ethics. A code of ethics is a company policy on trust. It combines norms and regulations and standards of behavior that are subject to implementation and training. For any such program to be successful over time, all employees and management should be regularly trained; at least once a year - and more often for new comers and every time any kind of violation has occurred. All Ford and Visteon employees received such training.

*- At Ford Poland*

At this plant, the code of ethics was called Transparency Policy. It provided guidance on good and moral behavior and was designed as a tool against corruption, and one to avoid conflicts of interests, insider trading and protect the company’s property rights, including intellectual property. The Transparency Policy, for instance, included a provision prohibiting employees and management from accepting or giving any present – not just lavish gifts – from/to Ford employees and/or clients. One of the key component of the policy, and one with much merit, is that it was fact-specific and provided very specific instructions as to what to do and not to do, avoiding thereby the trap of being too vague, too general and therefore difficult to apply. For instance, it had very clear guidelines as to the procedure and clearances employees had to go through when entertained or when receiving favors from suppliers or from any other parties which had dealings and/or financial interests with Ford Poland, so as to avoid conflicts of interests. Employees were also precisely instructed as to how to behave and avoid any

action which may reflect unfavorably on them or on the company.

Each employee was required to read the Transparency Policy and sign a certificate attesting to his/her consent to follow the regulations as laid down in the policy. The signed certificates were kept in the employees’ personal files at the Human Resources (HR) or the Legal departments.

As to training, it started with an employment orientation session and was followed by after-training monitoring. Any promotion or any other change in the employee status in the company required the employee concerned to go through some additional training.

*- At Visteon Poland*

At this plant, every employee received ‘A Pledge of Integrity.’ Meant as an Ethics Guide, this booklet stipulated the company’s requested behaviors, values and leadership standards. Based on values of trust and integrity, it covered a variety of topics ranging from Diversity and Equal Opportunity to Safety Health and Environment to Company Property and Information and Intellectual Property to name a few. It read in part as follows: “*As Visteon expands and solidifies its international presence, we continuously encounter different, and sometimes contradictory, business practices, customs, laws, and regulations. In the midst of rapid change, one thing must remain rock solid – our ethical standards. However, determining the "right" course of action is not always easy. The expectation is that by enhancing your understanding of the Visteon Ethics Policy, you will be better able to recognize significant issues, seek the appropriate guidance, and do the right thing when confronted with ethical dilemmas*” (A Pledge of Integrity, 2000 p.1).

The values herein contained reflected the company’s commitment to creating and maintaining an environment in which all employees with treated with integrity and respect, developing and maintaining a safe environment, and avoiding the unauthorized use of intellectual property or misuse of

company information acquired in the course of employment. It also included clear guidelines as to receiving/giving gifts.

All employees had to go through training in order to familiarize themselves with the content of the Pledge. At the end of training each employee - and in some suppliers - had to sign a Certificate of Compliance (see Appendix One).

*(iii) Monitoring Trust level through Job Attitudes/ Employee Satisfaction Survey*

To monitor employees' implementation of the rules and regulations as laid down in the Mission Statement and Code of Ethics, two tools were used: a Job Attitude Survey and an Employee Evaluation Survey.

*- At Ford Poland*

Employee attitudes and employee satisfaction were assessed through the use of a questionnaire called PULSE, which consisted of 56 questions-statements divided into 9 sections, namely: work group and team work, training and development, workload and stress, job and company, supervision, matrix management, quality, empowerment, and diversity. A 5-point scale was used to rate the statements: 1, 2 Favorable; 3 Neutral; and 4, 5 Unfavorable. The results would reveal tendencies in the company's strengths and weaknesses as measured by favorable, neutral or unfavorable statements.

The PULSE survey concerned only staff (salaried employees). To protect confidentiality, an in-house mail box was set up in the company main area for up to four weeks. Employees were asked or reminded by management and HR to participate in the Survey and training sessions were held before and during the survey process by HR Manager and staff. Any additional query related to the questions could be made any time.

The main PULSE goal was to determine the extent to which the company effectiveness was affected by employee job satisfaction. Management effectiveness was also evaluated through the prism of employee satisfaction both at the group and

departmental levels (each manager considered has a span of control of no less than five direct reports).

Any of the criteria with a score of 60% and above were treated as Company and Management Strengths; 60-40% as Neutral - mixed; and below 40-30% as company weaknesses.

The survey included two questions directly evaluating the level of trust at the plant. One in the Empowerment section (Q 43): "My supervisor has established a climate of trust." Another in the Matrix Management section (Q 16): "Leadership in my organization promotes a climate of trust between organizations - Leadership is developing a climate of trust between organizations and within each organization."

Answers to Q 43 were generally favorable (about 66%), indicating management/company strength in developing a climate of trust in the company. Q 16, however, generated less positive answers (about 45% favorable), showing it to be neutral. This lower result may be explained by the fact that the new corporate culture brought by Ford Motor to the Polish community with its openness and trust did not fit with the local culture.

*- At Visteon Poland*

At this plant, the Job Attitude and Job Satisfaction Surveys measured all aspects of trust, namely, managerial responsibility and accountability, honesty and open communication, and the company's incentive for employees to sincerely express their feelings, desires and ideas.

The Job Satisfaction Questionnaire consisted of 76 questions divided into 12 sections measuring employees' opinions on working conditions, business acumen, communication, recognition and motivation, job satisfaction, empowerment, team work, quality, job workload, HR services, job safety and supervision. Employees were instructed to choose one answer to each question out of four possible choices: 'I strongly agree'; 'I agree'; 'I disagree'; 'Not applicable'.

In 2001, for the very first time in the

company history, since it was established in 1957, the plant's 1,000 employees and management participated in a job satisfaction survey. To facilitate the process, the survey had been explained by the CEO and HR at an all employee meeting. They were told about the goal of the survey and later coached and helped if necessary.

In order to maintain full confidentiality, all the employees filled the questionnaire at the company site. Intra mail boxes were placed all over the plant for employees to drop in their forms. Within two weeks, 95% of the questionnaires were returned and the results released 30 days later at the next all-employee meeting

Eight questions addressed the issue of trust. They were in several sections of the questionnaire. Three were in the Recognition and Motivation section: Q 49 - "I am satisfied with the recognition I receive for doing a good job;" Q 46 - "Individuals are recognized for their ideas and results;" and Q 47 - "Work groups are recognized for their ideas and results." The Supervision section contained three: Q 60 - "Management always keeps their promises." Three were in the Communication section: Q 43 - "I feel it is worthwhile to propose new ideas;" Q 44 - "People are generally open and give their opinion;" and Q 45 - "People share essential facts and knowledge with one other." And one was in the Index of General Questions, Q 75 - "At work, my opinions seem to count."

The findings of this first-ever Attitude Survey at the plant revealed that trust in labor relations needed improvement. 39% of Visteon employees complained about the fact that management did not always keep their promises. Trust in terms of responsibilities was lacking. However, 61% of the employee saw supervisors in a positive way. In their view, they kept their promises. 41% of the employees were not satisfied with the low level of recognition they received for their ideas. Most employees also did not feel recognized for their work input and ideas and did not feel they could express their opinions and ideas freely. As a whole, the results were somewhat positive but the

CEO and HR leaders recommended further training so as to improve the overall trust level. Clearly the tools used to assess the implementation of trust and integrity was effective.

#### *(iv) Measuring Trust and Integrity through Performance Appraisals*

A performance appraisal review is an employee evaluation system controlling and measuring the overall employee job performance, including the integrity and transparency of employees and management.

##### *- At Ford Poland*

Several tools were used for controlling employees' integrity and moral behavior. One was the so-called 360 Degree Scale Description, which was introduced in 2000 and was designed to gather specific evaluative information from a group of people, either above, below, and on the same organizational level, knowledgeable enough to rate an individual's performance.

The 360-degree Performance Review gathered feedback from a panel of about 4-6 people including self evaluation, co-workers, team members, subordinates, supervisors, peers, and customers. Employee performance was evaluated applying the 12 following criteria including trust : Integrity, Courage; Durability; People Development; Teamwork, Communication; Desire to Serve; Drive for Results, Systematic Thinking, Business Acumen; Innovations; Quality methods. It was Ford Motor, general tool and Program implemented at all Ford companies globally. At Ford Poland feedback was obtained from direct supervisors, direct dependants-subordinates, peers, and through self- assessment. There was a nine-point scale to measure the 12 performance criteria. The average score for all the factors was 6.20 out of a max. 9.0

The evaluation on the Integrity dimension, which measured trust level, ranked fourth (4) out of 12 measurements, after Business Acumen (1), Teamwork (2) and Durability (3).

##### *- At Visteon Poland*

Performance Appraisal was introduced at Visteon Poland in 2001 for all salaried

employees and management. The evaluation system included ten parameters called Leadership Standards.

Each professional employee's leadership skills were evaluated. These included respect for others, taking responsibility, being a good communicator, recognizing team contribution, teaching and learning; understanding business, and demonstrating integrity.

Two parameters directly measured employee trust. One was integrity, the other responsibility. Taking responsibility was defined as being accountable for one's decisions and actions and demonstrating integrity as possessing business ethic beyond reproach.

Employee performance was measured against pre-established criteria on a four-degree scale: unsatisfactory; sometimes demonstrated; consistently demonstrated; and role model. For employee comparison purposes, there were three options: Surpasses expectations; Achieves expectations; and Underperforms expectations. Each evaluation was discussed individually with the direct supervisor either once a year or every six months.

It was difficult for managers to understand the performance appraisal system since it was the first time in the company history it had been used. The introduction of the System was delayed. Access to the 2002 findings was not allowed.

#### *(v) Building Trust through Corporate Citizenship Programs*

The main goal of a Corporate Citizenship Program is for the company to become a trusted citizen in the local community, in that society as a whole and globally. The Corporate Citizenship Program was introduced globally in 1998 to show that the company was trustworthy, helpful, sharing its wealth with the local community and mindful of the environment.

A trustful behavior is characterized by its openness to the environment (Misztal, 2000). Trust helps to build up a strong sense of community. The Citizenship Program also included corporate Philanthropy, which can

be defined as a company's support of charitable and social causes and organizations. Corporations give back to the communities in which they earn profits (Boone & Kurtz, 2002).

These programs are now called Corporate Social Responsibility Programs (CSR). They work for inside and for outside of the company. CSR is management philosophy that highlights the social and economic effects of managerial decisions and management's acceptance of the obligation to consider profit, consumer satisfaction, and societal well-being of equal value in evaluating the firm's performance (*Ibid*)

#### *- At Ford Poland*

A local Community Service was in place and consisted of help to Hospitals and School for Special Care Children. The employees together with Management were personally performing work for the Community. For example, they help to paint classroom walls<sup>3</sup> and the fence and organized a Christmas party at a nearby orphanage. Ford Motor also donated vehicles to the local community; an ambulance to the Hospital, police van to the local police department, and a small bus to the school of special education.

The Employee Citizenship Program was highly appreciated in the community and significantly increased the trust in the company's employees, brand and products and made for the development of a positive mutual relationship.

#### *- At Visteon Poland*

In 2000 and 2001, Visteon Headquarter in the USA set aside US\$20,000 (600,000 Baths) a year to support important community projects. Each year local institutions submitted projects. After a close analysis the best projects were provided funds. These projects included a computer laboratory for a technical secondary school, a medical apparatus for a hospital for handicapped children and the construction of a bicycle path.

Visteon Poland also donated one of its office buildings for use by the local government and the Community. This was

possible because when Ford Motor bought the old Polish plant it was too big for the planned Ford/Visteon operations.

#### **4. Summary and Comments**

All the programs set by Ford Motor worldwide for building and maintaining trust, integrity and candor within the company were implemented at both plants in Poland effectively and in a professional way.

Typically though, given that in 1992 up to 2001, Poland was still in process of a transition from a socialist/totalitarian system to a Democratic one, for the employees and managers at both plants, much of the information provided and action taken regarding integrity, candor and trust were new. This is especially true at Visteon Poland.

During the training in Ethics at Visteon Poland, it turned out to be difficult even for well-educated and experienced supervisors and staff to fully grasp the concept of conflict of interests. Over 50% of the employees could not perceive nor understand ethical dilemmas. There were, however, two notable exceptions to the general perplexity. Two engineers who, before the signing the Certificate of Confidence, came to see the HR Director. One of them resigned from his position because he was running a business of his own based on designs whose concepts had been illegally taken from Ford Motor. The other one admitted that his wife was a small business owner producing automotive parts similar to those manufactured by Visteon Poland. The management agreed for him to stay with the company and being watched unless his wife's business did not cause a conflict of interests.

Endorsing trust values and adopting a candid behavior was easier at Ford Poland where the employees, most of them young, quickly understood the benefits thereof. The reason it was more difficult at Visteon Poland was that a great majority of the employees and management had been living and working in a socialist system in which the production tools were government-owned, which in their views gave them some rights over them. In that sense, their mentalities had been spoiled. Understanding

state versus private ownership, especially when it came to an organization turned out to be a challenge. In their eyes, "if the company was state-owned, that meant it belonged to everybody and to anybody at the same time. Thus the company's property, including intellectual property, tools and machines, designs, projects could be taken by everyone". This was not considered stealing. It was a common practice in the communism to cheat and steal from one's employer as the company was not an owner. Still the Re-privatization Reform aimed at giving back to people property that had been illegally taken from them in the socialistic period and it was time for change.

Employee attendance was also a problem since prior to the collapse of Communism, it was relatively easy to stay home on a false medical certificate. Medical doctors would not shy away from issuing medical leaves from seven days up to three months on false pretenses. That caused high level of work absenteeism not on the company expense but paid by the state Insurer. Such an attitude was especially difficult to change at Visteon Poland and also in some cases at Ford Poland.

Another challenge facing both plants was that during the socialistic era, employees could not expect trust relationship with their managers and peers. There was a common practice at work to have employees misled and promises not kept. Lie was a norm of everyday life. The consequences of candor and frank expression would have been too severe. Trusted labor relations started with the emergence of democracy and market economy. Beginning in the early 1990's, MNCs' investments in Poland helped a great deal to introduce trust and candor as these Western companies were held to higher moral standards in their countries.

There were also problems implementing CSR programs designed to serve society and the local community and develop sharing relations among the internal and external communities. At Ford Poland, while employees were oriented and almost devoted to the company internally, they were reluctant to share with the local community

externally. Similar attitudes were observed at Visteon Poland. These difficulties were also compounded by the fact that at both plants, employees as well as the external population and other institutions in the local community were demanding and expected a lot from investors in their area not only foreign but also local ones.

### **Conclusion**

The experience shared in this article, the theoretical background to it, and the conclusions drawn are somehow universal and timeless and thus applicable to almost every country and culture - including corporate cultures. It is as relevant in Europe as it is in Asia or America in that the process of building or rebuilding trust at work is never an easy task.

It has been proved that mutual trust between management and employees increases employee productivity, loyalty, identification with the company's goals, pride of working in this company and creates general positive feelings at work together with high financial returns. All research on best companies to work for in America\* carried on for 25 years as well as in Australia and Europe reveal that trust and honesty give employees a sense of equity with which they are treated and a belief in fairness of the promotion process, pay, job assignment, handling grievances and recruiting operations. In those 'best' companies honesty and integrity are included in the Mission and Vision statement and are assessed both with regard to leaders and employees.

Research also shows that "trust makes companies stronger and more able to handle bad times" (Levering, 2010). This has been particularly significant in recent years as the world was in the midst of a global financial crisis.

In recently occurred ethical scandals in corporations showed, that the breach of trust can wreak havoc on a company. Bursting out with a level of magnitude as never experienced before, this series of high-

profile corporate and individual fraud make it clear that once trust and integrity are compromised, the chances for a company to remain successful are highly compromised as well.

On a positive note, the renewal of attention to the importance of integrity in the workplace which these scandals have brought along and the burst of e-technology with its transparency and openness inevitably influence industrial and business relations what provides the ground for guarded optimism.

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### ***Endnotes***

<sup>1</sup> Asia, USA and Europe: China, Germany, Japan, Korea, Slovakia, Singapore, Taiwan, and the USA.

<sup>2</sup> e.g. Conference at Assumption University in Thailand, Caritas in Veritate and its implications for Business education and business practice Nov.25, 200

<sup>3</sup> There is an anecdote - that when six of the top managers were painting the School fence wearing caps and T-shirts with the Ford logo, one of the Ford employees passing by on her way back from shopping was so shocked by the sight of these managers that she dropped her shopping bag on the pavement. It was that unusual then for top people to be involved and this is still regarded as an unusual behavior when it comes to top plant managers.

<sup>4</sup> The 100 Best Companies in America are selected by the Great Place to Work Institute. Researchers ask all kinds of people to recommend great places to work at; employees, friends, relatives, executive, recruiters, management consultants, market researchers, publishers, TV news etc. The companies involved include Bell Lab, Westin Hotels, El Lilly etc. In Australia and Europe, there is a list of the 10 best employers usually drawn every year. In 2009 in Australia, Google was topping the list, followed by Net App, and Russell Investment. In Europe, Cisco, American Express and Microsoft were the top three that year.

### **Appendix One**

#### ***Certificate of Compliance***

I hereby certify that I understand Visteon's Ethics Policy as contained in the booklet: "A Pledge of Integrity," and further certify that I have conducted and will continue to conduct my activities while an employee of Visteon in compliance with these ethical standards, or if I am a new employee, that I will conduct my activities while an employee of Visteon in compliance with these ethical standards. Further, I represent I will not engage in, nor direct any employees over whom I have supervisory responsibility to engage in, any activities which are prohibited under the policy.

If applicable, I acknowledge that in my capacity as a supervisor, I am responsible for ensuring that ethics awareness training is conducted for those employees over whom I have supervisory responsibility.

I will promptly contact the Legal Department or Internal Audit to report any potential violations of the Policy or to the extent I have any questions regarding my responsibilities under the Ethics Policy or the responsibilities of those individuals I supervise

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Location: \_\_\_\_\_ Name: \_\_\_\_\_  
(print)

Please return to the Legal Department