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Feeling or Rational Fact? Trust as an Economic Factor

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Nowadays the idea of trust has received special attention. One of the most common approaches is examining self-confidence alongside human values and competencies.

In my present study I would like to point out the significance of self-confidence with regard to adult efficiency. My hypothesis is that positive self-assurance can essentially influence our achievement and our achievement has an impact on our self-confidence. Self-confidence often has a reflection as a feeling in the consciousness – I would like to decompose this feeling, emotion into rational, measurable features and to show its effect in the reflection of the self-image made by successful top managers, leaders.

The data are from the results of studies collected since 2014 among top managers in the competitive sphere during their non-conventional adult education. In the evaluation process, my 8-year-long expertise and knowledge in adult education is completed with my own decade-long experience as a leader.

Self-confidence reflected in the OECD survey

The relevance of the research was generated by the results of PIAAC¹ – OECD assessment of competencies extended to adults² –, so that the higher qualifications and the more valuable labour-force competencies an adult has, the more likely he or she is to find a job that is in accordance with his or her expectations. At the same time, it can also be demonstrated that higher level of skills do not only enhance chances at the labour-force market, but also have a positive impact on health and self-confidence, and on the degree of trust in other people. Self-confidence is essential in acquiring up-to-date knowledge, required by the 21st century knowledge-based society, in practising and adapting to life

¹ Programme for the International Assessment of Adult Competencies.

² Source: http://www.oecd.org/site/piaac/SkillsOutlook_2013_ebook.pdf.

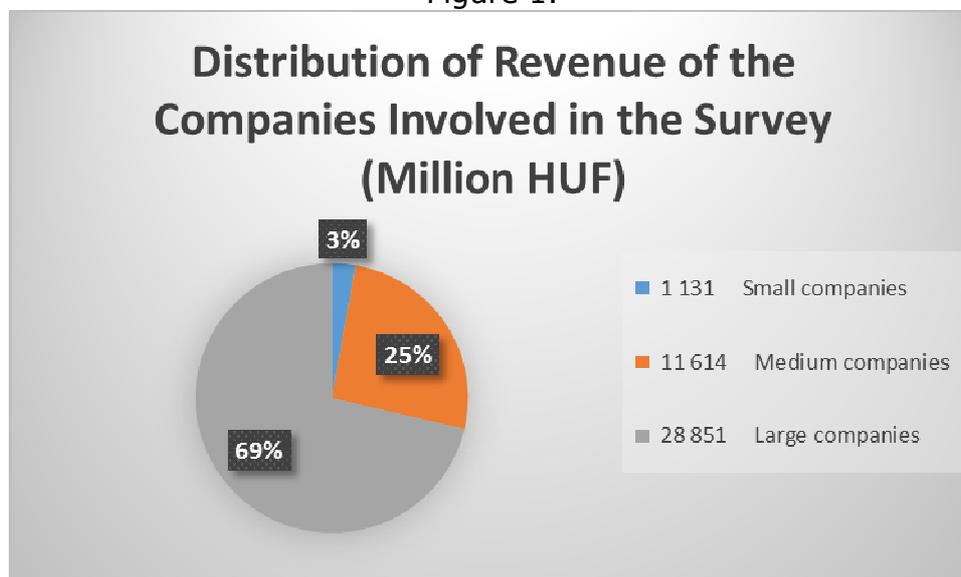
long learning (LLL). Only those can extend their current knowledge consciously and life-long and improve their skills who possess self-evaluation and self-esteem based on a healthy self-image. To identify and then acquire new knowledge in response to one's inner need, strength, belief and diligence is provided by self-confidence, independent of age, and that is how extended knowledge further reinforces confidence – just as it was already proven by the results of PIAAC competence assessment carried out among adults.

Hungary joined this international program in 2016. After the preparatory process in spring 2017 a survey involving 6000 people is launched, and first results can be expected in 2019 according to OECD schedule. The survey is completed with 1000 place-hunter respondents, beside the 5000 statistical sample of adults between 15-65 years of age already involved.

Present survey

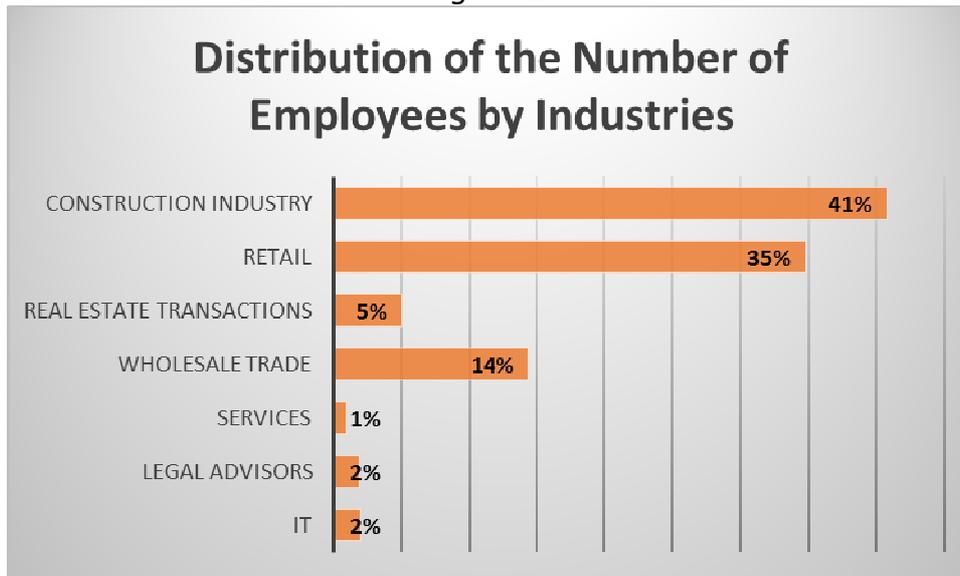
My own survey focuses on the competitive sphere and the adults working in top management. The total revenue of companies involved in the survey is 41.596 billion HUF. The distribution of revenue among small, medium and large companies is shown in Figure 1.

Figure 1.



The assessment results of the economic participants were chosen from the following sectors: IT, construction, services, commerce and legal advisors. The total number of employees at the companies involved is 692. The distribution of employees according to industries is shown in Figure 2.

Figure 2.



Online survey focused on the trust index of top managers, those organisations were chosen where the prime leader also took part in the survey.

Out of the 9 top leaders at the 7 organisations chosen, 7 were Hungarian and 2 Non-European. At the 7 companies, 708 people took part in the survey, 79 of them evaluated their leaders directly, thus on average 9 people formed an opinion on 1 leader.

The survey was carried out online, anonymously, in a 360-degree form, so that the whole board of leaders at the companies were evaluated by the employees, colleagues of the same level and other managers, beside the self-evaluations. Prime leaders – CEOs, hereafter the abbreviation can be understood as a synonym – obviously do not have evaluations from other leaders, their assessment can be thus regarded as a 360-degree result.

Trust was in the focus of the survey with its more aspects, such as self-confidence, trust in connections, organisational and market trust. Present study concentrates on self-confidence only from the whole range of trust. Out of the four factors – integrity, intent, skills and results – two are emphasised: skills and results, in accordance with PIAAC survey. In my study I observed how top leaders judge their own skills and results and I compared these data with the opinions of those who evaluated them.

From the survey of competency the opinion formed about the results is of special interest, because the people who were evaluated are at the top of the organisations, on the basis of their positions they could be regarded as the most effective and successful members. The significance of opinions formed about one's own skills was not only proven by the PIAAC, but also by the results of a 2016 survey in 17 countries, which examined the restraining effect of inner criticism and negative self-criticism. Hungary also participated in this global survey from Japan to Canada (Live Insync Test), where 1000 women were asked about their expectations from themselves. 80% of Hungarian women agreed on the fact that their

own self-criticism had a more powerful negative effect on them than outer factors. International respondents agreed only in 60% with this statement opposed to the 80% of Hungarian women, which is quite remarkable.

Although Live Insync asked women only and the top manager participants in the Hungarian trust survey are only men, if we consider it a cultural phenomena, the dramatic value even on an international scale can presuppose that men also have a powerful self-criticism - though not as strong as women. That is why at the evaluation of the survey the difference between the opinion of the leader formed about his own competency and that of the colleagues involved is given a special emphasis: Is there any tendency between self-criticism and the opinions of others?

Self-confidence of top managers

In 71% of the organisations self-confidence of the CEO is judged to be stronger than that of the other leaders by colleagues – they consider their own self-assurance 4.33 % stronger.

In 78% of the organisations involved, the CEOs' own opinion about their self-confidence shows a higher value than that of the other leaders – the difference is 5.43%.

In 56% of the organisations the assessed value about the CEOs' own self-image is higher than that evaluated by other colleagues – in cases where it is true, the bias is 7.4%. Whereas at those companies where the prime leader is more critical toward his own self-confidence the bias is negative: -3.75%.

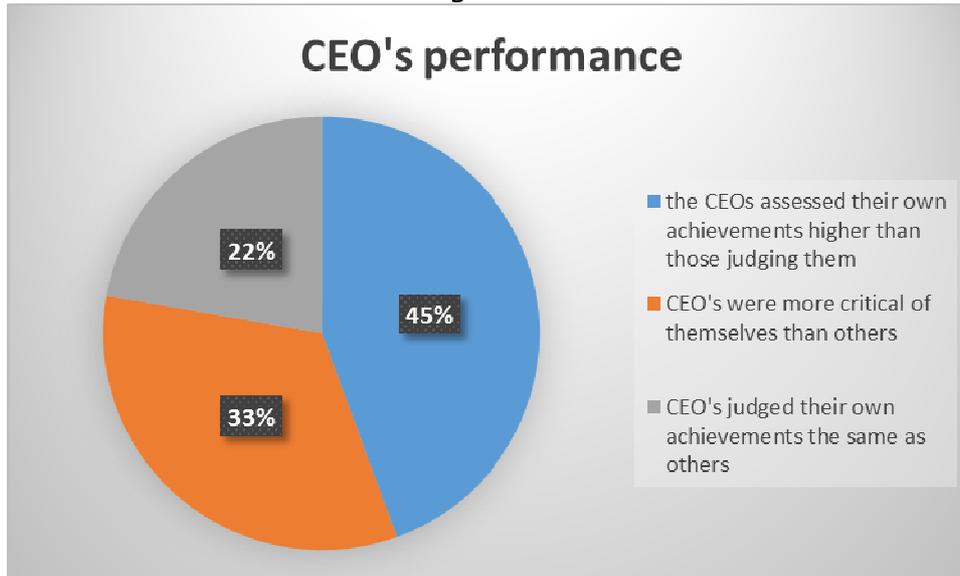
In the light of the data, it is evident that according to the inferences of colleagues prime leaders have the highest self-confidence when they are compared to other leaders, that proves to be true from the aspect of others' opinions. At the same time, considering self-confidence is diverged, almost half of the CEOs are more critical towards themselves than they are assumed to be by colleagues.

Criticism of performance

If we accept the hypothesis that achievement enforces our own positive self-image, self-confidence, then those at the highest positions in the hierarchy of organisations supposedly evaluate their own successes positively.

Numbers do not support the hypothesis entirely: 44.4% of the CEOs assessed their own achievements higher than those judging them, 33.3% were more critical of themselves than others, while 22.2 % of them judged their own achievements the same as others. (Figure 3.)

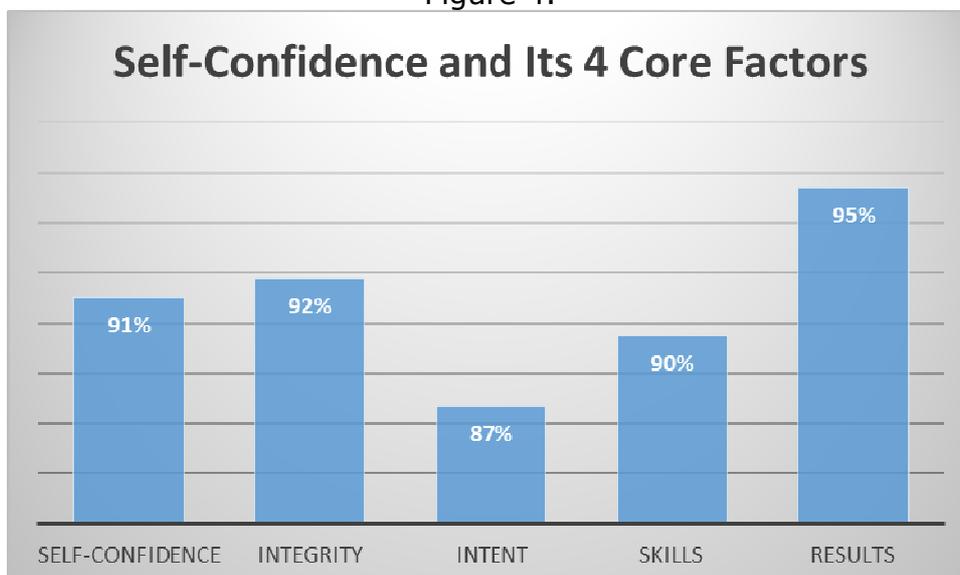
Figure 3.



The presumption that achievement influences our self-confidence the most is now proven, because in 88.8% of the organisations, there is a correlation between the image of one's own self-confidence and success compared with the opinions of others. In other words, where the assessed value of the CEO's own self-confidence is higher (or lower) than that value in others' opinions, this correlation is in 88.8% true about the achievement. The initial presumption, that prime leaders' self-confidence is higher than average, seems also proven. The mean average value of the total number of leaders' self-confidence in the survey is 85%, while that of the CEOs' is 91%.

Comparing the results of the online survey regarding the 4 key-factors (integrity, intent, skills and results) it is nicely visible that prime leaders have the strongest positive assurance about their own achievements. (Figure 4.)

Figure 4.



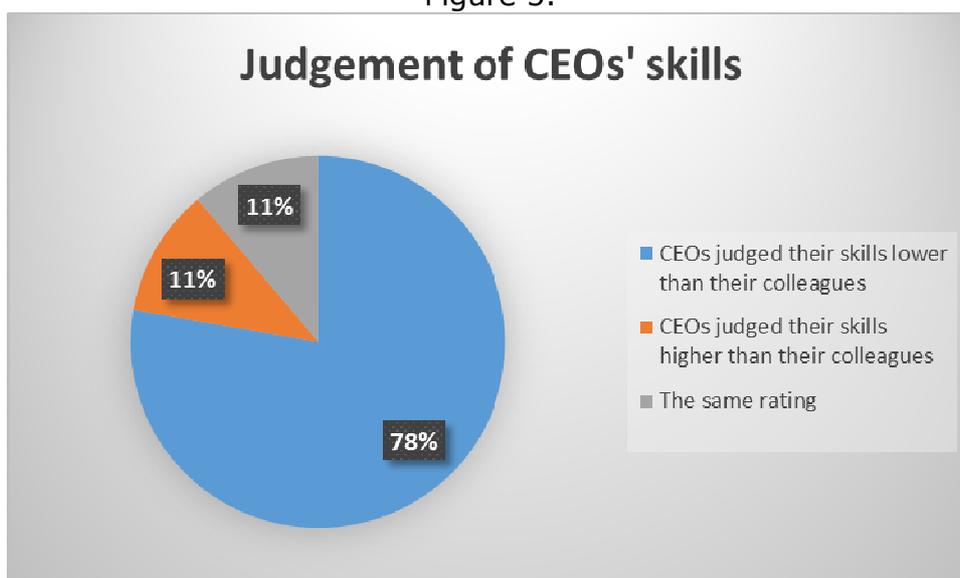
Objective results, subjective skills

PIAAC survey mentioned before showed that higher level of skills has a supportive effect on health and self-esteem and also on the degree of trust towards others – so it can be stated that higher competency is important. At the same time, I considered it crucial to examine whether leaders, who supposedly acquire higher qualifications and whose skills are at a higher level than the other employees at the company, are aware of the fact that they are in possession of these skills, and are able to judge them realistically.

As it is shown in Figure 4, judging their own achievements positively was true in 95%, considering skills the value was 90%. While leaders can judge their achievements objectively by comparing target and fact numbers day after day, they and also their colleagues can only judge their skills subjectively. The results of the survey among women about the effect of inner negative criticism mentioned beforehand seem to return among male top managers: male top managers based on their subjective judgements, underestimate their own skills when compared with others.

Further refining the survey, a surprising observation showed up. 78 % of the prime leaders at the organisations judged their skills lower than their colleagues, only 11 % think their skills are stronger than the others', and the assessed value of 11 % of the leaders judged their skills the same as the others' (Figure 5.). Based on the results, the presupposition seems to be reinforced that the strong existence of self-criticism is our cultural characteristic. People, who did not judge their own skills lower, were the two Non-European leaders.

Figure 5.



The picture is further refined to some extent because evaluating one's own self-confidence and approaching one's own skills with self-criticism show less correlation – 66.7% – than self-confidence and achievement. This result backs up the assumption that achieved goals reinforce self-confidence and positive self-image, self-assurance the most.

Economic factor out of trust

The results of the survey proved that positive self-assurance has an essential influence on our achievements and in return it has an effect on our self-confidence. In case of prime leaders working at the top of organisations, as efficient participants of labour force it can be seen that the key factor of self-confidence is efficiency. The initial presumption gained proof and it is useful to extend this experience to all participants of labour force, either in working or in any forms of life long learning situations. An important condition of good achievement and return on investment into human resources is a trustworthy and supportive environment and the individual's self-confidence and self-assurance.

While spending on machines and equipment is considered to be investment according to the rules of accountancy in the books, spending on education and training is considered to be expense. To have a return on this investment application of the acquired knowledge, improved skills and achieved goals should be made real among labour force. This educational method is evident in the childhood, while it is mostly forgotten about in adult education process. Improving only the skills of labour force is not enough, it is also very important to raise awareness of the achieved goals with regular feedback based on concrete facts and the employee should also get opportunities to apply their acquired knowledge at work. Feedback is only efficient if the connection among the involved people is based on mutual trust.

In an earlier study of mine I compared the approach and practice of the American adult education with the European. It can be stated that the American approach feeds on the aspect of abundance – how much an adult already knows – and focuses on how this knowledge can be improved with complementary knowledge and it also connects previous knowledge with new information during the training. The European approach, however, focuses on what the adult does not know, thus it can be characterised with the approach of lack of information. Therefore an European adult can only gain so-called "knowledge islands", this knowledge often cannot become applied knowledge, competency and that is why that adult does not feel more efficient by improving their skills. ("I have another paper - certificate" – says the student or adult just after obtaining new qualification.)

The acquired new knowledge is often applied spontaneously, but the feeling of efficiency can only be achieved if it is raised to consciousness. Regular and supportive evaluation meetings with leaders and feedback

should be made part of the organisational culture, so that the capital invested into human resources would not become an expense, but a return on investment. This practise can also increase the efficiency of life long learning on the scale of national economy, besides increasing individual satisfaction and level of happiness – the latter being the necessary condition of evolving motivation.