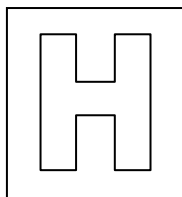


Candidate Name: \_\_\_\_\_

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## 2015 Preliminary Examination 2 Pre-University 3

**GENERAL PAPER**

**8807/02**

Paper 2  
Wednesday

**2 September 2015**

**1 hour 30 minutes**

INSERT

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### READ THESE INSTRUCTIONS FIRST

Write your **name**, **class** and **admission number** in the spaces provided at the top of this page.  
This insert contains the passage for Paper 2.

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This insert consists of 4 printed pages.

**[Turn over**

*Stephen Covey shares his views on the value of trust in modern-day institutions.*

- 1 Indeed, trust makes the world go round. Almost everywhere we turn, trust is on the decline. Trust in our culture at large, in our institutions, and in our companies is significantly lower than a generation ago. In fact, right now we are experiencing a crisis of trust which compels us to ask three questions. First, can we measure, in tangible terms, the costs and benefits of trust, or the lack thereof? Second, what are the factors that could influence the amount of trust we enjoy? Third, how can the best leaders build trust? 5
- 2 Most people do not know how to think about the organisational and societal consequences of low trust because they do not know how to quantify or measure the costs of such a “soft” factor. For many, trust is intangible and unquantifiable. There is little evidence to show its importance. If it remains that way, then people do not know how to get their arms around it or how to improve it. But the fact is, the costs of low trust are very real, they are quantifiable and they are staggering. A recent study conducted by the Association of Certified Fraud Examiners (ACFE) estimated that the average American company loses six per cent of its annual revenue to some sort of fraudulent activity. When trust is abused, companies, and by extension, its customers, pay actual dollars to compensate for it. In personal relationships, trust issues chalk up millions of dollars in therapy and mediation procedures. Spouses spend big dollars on private investigations to catch their cheating partners and still end up in expensive divorce proceedings because the broken trust cannot be mended. Indeed, the consequences of low trust are very real. 10 15 20
- 3 What can we do to prevent such costs? Trust is built over time and also broken in the same manner. In fact, it takes twice the effort to build trust than to break it. Thus, the best way to maintain a trusting relationship is to keep from breaking trust in the first place. The missed appointment between lovers, forgetting to buy bread home and the promises parents make but fail to keep – such incidences of trust being broken accumulate to shake the foundation of our relationships. Trust is not a matter of technique, but of character. We are trusted because of our way of being, not because of our polished exteriors or our expertly crafted communications. 25 30
- 4 Similarly, in the workplace, the integrity of the leadership is critical. Leaders must communicate all the information their teams need in order to be successful. They should not make assumptions about what they think their subordinates are capable of. Leaders who underestimate the intelligence of their teams tend to keep information from them. This can easily be seen as a sign of the leader’s lack of trust in their people and will be duly ‘rewarded’ 35

- with similar distrust from the subordinates. When subordinates feel that their leaders do not have their interests at heart, they will not follow the corporation's vision, no matter how well-crafted as they do not see what is in it for them. Trust is reciprocal and has a direct impact on the performance of the company and its employees. 40
- 5 How do the best leaders build trust? The first job of any leader is to inspire trust. Trust is confidence born of two vital dimensions that must co-exist: character and competence. Character includes your integrity, motive, and intent with people. Competence includes your capabilities, skills, results, and track record. With the increasing focus on ethics in our society, the character side of trust is fast becoming the price of entry in the new global economy. However, the differentiating and often ignored side of trust — competence — is equally important. You might think a person is sincere, even honest, but you will not trust that person fully if he or she does not get results. And the opposite is true. A person might have great skills and talents and a good track record, but if he or she is not honest, you are not going to trust that person either. 45 50 55
- 6 It is also important for organisations to recognise the real costs of low trust and leaders can show their subordinates this by first framing trust in economic terms. In an organisation with low trust, everything will take longer and cost more because of the checks put in place to compensate for it. Discussions must be recorded in detail and verified by everyone because we do not trust each other to keep to their words. In extreme cases, legal contracts must be made and legal fees incurred. When we quantify such costs, organisations suddenly recognise how low trust is not merely a social issue; it is also an economic issue. The benefits of high trust can be similarly quantified, enabling leaders to make a compelling business case for trust. They can then focus on making the creation of trust an explicit objective. It must become like any other goal that is focused on, measured, and improved. It must be communicated that trust matters to management and leadership. It must be expressed that it is the right thing to do and it is the economically sound thing to do. 60 65 70
- 7 The transformation starts with building credibility at the personal level. The foundation of trust is your own credibility, and it can be a real defining characteristic for success. A person's reputation is a direct reflection of his credibility, and it precedes him in any interaction or negotiation he might have. When a leader's credibility and reputation are high, they enable him to establish trust fast — speed goes up, cost goes down. The job of a leader is to go first, to extend trust first. Not a blind trust without expectations and accountability, but rather a 'smart trust' with clear expectations and strong accountability built into the process. These 75

**[Turn over**

- expectations should be clearly communicated from the onset and used in employees' performance evaluation. This practice will send a clear signal that trust is important. 80
- 8** A climate of trust is beneficial in the long term and can reduce employees' turnover. If colleagues can trust each other's integrity and professionalism, it would be easy for them to present a united front and work towards a common goal. There is nothing more frustrating for a leader than having to convince your team that you know what you are doing. In the same way, employees leave when they feel that the leaders no longer trust them. Most people do not last long in an environment that questions their ability, or under bosses who seem too keen to catch them doing wrong. The best leaders recognise that trust impacts us 24/7, 365 days a year. It undergirds and affects the quality of every relationship, every communication, every work project, every business venture, every effort in which we are engaged. It changes the quality of every present moment and alters the outcome of every future moment in our lives — both personally and professionally. Such an asset cannot be ignored but earned. 85 90 95
- 9** Trust is not something that you can just one day decide to have. Trust cannot be fabricated out of thin air, and it can only be achieved when leaders inspire trust and build credibility at their personal level. Trust men and they will be true to you; treat them greatly and they will show themselves great. 100

*Adapted from: 'How the Best Leaders Build Trust.' (Covey, S., 2009).*