

How Much Does Trust Cost?

When Employees Stop Believing in HR – The Financial and Cultural Fallout of Broken Trust

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Helping organizations turn trust into measurable ROI.

The Meeting That Said Too Little

Imagine walking into a company's All Hands meeting where 60% of employees don't trust HR to act in their best interest. The topic of conversation – compensation.

"Yikes!"

As the slides roll, the company's internal Slack channel lights up. Employees are messaging each other in real time, trying to decode what they're hearing.

"Did they just say raises are merit-based or across the board?"

"So... no one got a cost-of-living adjustment?"

"Wait – does this apply to everyone, or just leadership?"

The HR team knows the message is incomplete – the announcement lacks transparency, context, and a clear explanation of *how* pay decisions were made.

Still, HR leadership's directive was firm:

"Let's keep it simple."

However, in this case, 'simple' reads as [secretive](#).

By the end of the meeting, Slack threads are buzzing, side conversations are happening, and trust – already in a fragile state – continues to fracture.

The Price of Omission

A lack of transparency doesn't just frustrate employees – it creates a ripple effect that impacts performance, retention, and organizational credibility.

In *How HR Lost Employees' Trust—and How to Get It Back*, Joseph Grenny and Derek Cullimore (2022) found that in a study of 993 employees, most said they'd rather approach almost anyone else than HR when they had concerns about leadership. That's not just an image issue — it's a systemic breakdown in trust.

And the cost of that breakdown is steep. Gouldsberry (2023) notes that organizations with high levels of trust outperform the S&P 500 by 30%–50%, proving that trust isn't just cultural — it's financial. Inversely, when trust erodes, so does productivity, engagement, and ultimately profit.

Research also shows that trust drives retention — and turnover is expensive. According to SHRM, replacing an employee costs 50% to 200% of their annual salary (Dyerly, 2025).

For example, if an Operations Manager earns \$85,000 annually, the actual cost of their exit — including recruiting, onboarding, training, and lost productivity — could total \$42,500 to \$170,000. Multiply that by several departures triggered by disengagement or frustration with HR, and you're looking at hundreds of thousands in preventable loss.

The financial cost of mistrust is obvious; the human cost isn't. It creeps in slowly — employees pull back, creativity fades, and even your most trusted HR relationships begin to fracture.

The cost of mistrust isn't always visible on a balance sheet — but its fingerprints show up in disengagement, attrition, and lost innovation

When Trust Walks Out the Door

Let's call him Ricky Bobby. *(For those of you who know me- this is my go-to name!!)*

Ricky Bobby was one of those rare HR Business Partners that employees genuinely trusted. He listened without judgment, communicated with empathy, and worked hard to advocate for fairness. When employees felt unheard by leadership, they came to him.

But over time, even Ricky Bobby's credibility couldn't shield him from the growing cracks in the system. He started getting questions he couldn't answer — about compensation decisions, organizational changes, and inconsistent messaging from leadership.

He wasn't withholding information out of malice; he simply didn't have permission to share, and in most cases didn't know himself.

The more he tried to reassure people, the more his words felt empty and disingenuous—not because he lacked sincerity, but because the function behind him lacked transparency.

Eventually, the trust employees had in Ricky Bobby began to fade, not out of disappointment in him, but in what he represented. He had become the face of an HR team that could no longer speak freely or credibly.

When Ricky Bobby left, employees didn't just lose a person — they lost the last thread of belief that HR was truly on their side.

Ask yourself — if your most trusted HR voice left tomorrow, would your culture hold steady, or would it quietly unravel?

The Cultural Fallout

I once had a CHRO say during an HR Summit, *"You care too much about the people."* I was flabbergasted!

At that moment, I knew exactly what she meant — but also why so many HR functions lose credibility.

Caring too much isn't the problem.

Caring too little is.

When transparency disappears, culture follows. Employees start to assume the worst. Leaders stop asking HR for guidance. And eventually, shareholders begin to question whether leadership's decisions are genuinely aligned with the company's stated values.

HR becomes viewed not as a trusted partner but as the messenger of half-truths — the department that delivers decisions without context and news without empathy.

That loss of credibility doesn't just hurt morale — it costs money.

Distrust slows decision-making, erodes engagement, and breeds turnover. Over time, those "soft costs" become complex numbers on a balance sheet.

When the culture declines, the decay becomes a business expense - *let that resonate.*

Rebuilding Credibility: Back to the Basics

During my graduate studies, I conducted a case study on a CEO from the early 2000s who led a well-known personal care brand.

What stood out wasn't just the company's market success — it was the culture the CEO intentionally built. It was a culture rooted in clarity, accountability, and shared purpose. Every employee understood not only the business goals but also ***the importance of their individual contributions***. People didn't just follow directives; they were invested in the mission.

This CEO believed that a thriving culture isn't accidental — it's engineered through trust, communication, and alignment. That meant:

- Setting a clear vision that connected everyone to a common goal.
- Creating space for open dialogue and constructive challenge.
- Prioritizing accountability and shared success over hierarchy or ego.

That case study has stayed with me for years. It reinforced what I know to be true in every organization I work with — culture is the operating system of trust, and when trust fails, the costs multiply across retention, productivity, and performance.

These same fundamentals continue to guide how we approach our work at She Leads HR, especially when helping clients rebuild credibility and strengthen their people infrastructure:

Lead with Radical Transparency

Culture thrives when information flows freely. Share the “why” behind decisions — clarity is the bedrock of trust and prevents costly disengagement and turnover.

Align HR and Executive Messaging

A unified voice between HR and leadership prevents confusion, reinforces cultural consistency, and reduces the financial waste caused by miscommunication and mixed messages.

Getting buy-in should be a priority, not an afterthought.

Build a Culture of Listening and Responsiveness

A healthy culture *listens* before it reacts. In those early exploratory conversations, pause to hear more and talk less.

Empower HR to Speak the Truth

Psychological safety starts at the top. Period.

Equip your HR teams to voice brutal truths with confidence and integrity — it's far less costly to address them in the meeting versus after the announcement or company email is sent out.

Make Trust Measurable

Track the health of your culture with the same rigor as financial metrics — because trust is a business asset. When trust increases, so does performance, engagement, and profitability.

Closing Thoughts

At the end of the day, culture is **a reflection of what leaders consistently do, not what they *occasionally* say.**

Rebuilding trust isn't about reinventing HR — it's about returning to the basics: transparency, alignment, and genuine care for people.

At She Leads HR, we help organizations turn those principles into practice — building cultures where trust isn't an expense, but a measurable return on investment, with tangible benefits in retention, engagement, and business performance.

Shauna McBrayer is the Founder of She Leads HR, a people and culture consultancy that helps organizations rebuild trust, strengthen leadership alignment, and drive performance through transparency.

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