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Catherine Musgrave

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Exploring Trust as the Secret to Happiness in Denmark, and How It can be Harnessed to Maximize Team Performance

Catherine Musgrave

ABSTRACT

For centuries, individuals spanning the world have been interested in the underlying factors influencing happiness.¹ While some research happiness to inspire themselves or others to re-evaluate their priorities or life outlook, others study happiness with the objective of enhancing organizational performance or creating framework conditions for happier societies. Denmark is internationally recognized as being among the world's happiest nations, and a great deal of its high ranking can be explained by the simple fact that Danes are extraordinarily trusting of each other (The Happy Danes, 2014). The high societal trust enjoyed in Denmark has positively impacted the entire nation's social fabric – on both a national level and a much smaller scale, as trust is tied to enhanced team performance (Gur & Bjørnskov, 2014). This report uses information drawn from academic papers and government reports along with insights taken from an interview in Western Denmark to suggest the linkage of trust and happiness and to explore how trust influences delegation and team performance.

Keywords: Happiness, trust, delegation, public policy

INTRODUCTION

Denmark, a country of cultural, environmental, and social innovation, is internationally recognized for its liberal trade policies, generous welfare system, and reputation as being “the happiest country in the world” (BBC, 2016). Headlines praising happiness in Denmark have appeared in a wide range of international media sources over the past few decades. Plug the words “Well-being in Denmark” into Google to find millions of search results from those claiming to have the nation's secret to happiness. Though many are aware that Denmark and the other Scandinavian countries are some of the world's happiest nations, some struggle to explain *why* these nations perform so well in happiness surveys. Research in the past few years has begun to introduce trust as a leading contributor behind Denmark's high level of national happiness (Bjørnskov, 2003).

While trust is positively tied to national happiness, it also seems to have desirable implications on a much smaller scale. Economists are quick to mention trust and productivity as key drivers of economic growth, and a great deal of macro-level research has been conducted to explore ways that nations can increase those two factors (Ortiz-Ospina, 2016). Surprisingly, relatively minimal attention has been paid to the impact of trust on a micro-level. Specifically, on team performance and the relationship between trust and productivity. Research shows that this relationship can be largely explained by delegation – trust is positively tied to delegation, which is linked to productivity (Gur & Bjørnskov, 2014). Productive teams tend to be stronger, so if one considers the formation of high-performing teams to be desirable, it then follows that it might be well motivated to seek out ways to develop and maintain trust among team members.

Arrow (1972) believed that much of the world's backwardness could be explained by the simple lack of confidence and trust that people have for others. Though this comment was made long before much of the world's ground-

¹ This report uses the term “happiness” solely to describe long-term happiness, which can be described as “a deeper, fundamental satisfaction with life” (The Happy Danes, 2014).

breaking research on trust was conducted, the weight of Arrow's statement holds true today. This paper will begin by studying trust as an underlying factor contributing to national happiness, then will go on to explore how trust can be used to influence delegation, and ultimately, team performance.

THE VALUE OF STUDYING AND MEASURING HAPPINESS

It is important to begin by explaining the value of studying happiness, and how this seemingly subjective concept can be measured and quantified. It is simple to understand why society values happiness so highly. To name a few, happier people tend to be relatively more creative, productive, confident, and charismatic (Power, 2016). The question "How to be happy?" is even among the top 150 most-searched questions on Google (Mondovo, n.d.).

Many people mistakenly point to factors such as increased income or material items as being tied to happiness (Van Evra, 2009). Despite the sacrifices and massive efforts that individuals exert to climb the corporate ladder or receive a promotion, research shows that people tend to overestimate the amount of happiness that additional income will bring them, to a heartbreakingly large extent (Van Evra, 2009). In other words, if long-term happiness is the end goal, these individuals might consider refocusing their efforts towards factors that research shows to be linked to happiness, such as trusting and forgiving others, spending time with loved ones, and maintaining strong mental and physical health (Duffy, 2004; Waldinger, 2017).

In recent years, an increasing body of evidence has shown that happiness can be accurately measured via surveys (The Happy Danes, 2014). These surveys often use evaluative measurements by asking respondents to provide their answers on a predetermined scale. Surveyors may pose questions such as "How satisfied are you with your life in general?" or "How happy are you overall?" These sorts of questions provide respondents with the opportunity to provide a simplified but comprehensive evaluation of their lives. As such, when studies reveal that many Scandinavians are among the happiest people in the world, it is because they have registered the highest scores on these surveys (The Happy Danes, 2014).

HAPPINESS AND THE ECONOMY

Happiness on the Global Agenda

For the past few decades, there has been a strong paradigm shift away from relying narrowly on Gross Domestic Product (GDP) growth as a leading measurement of a country's progress. Increasingly so, nations in both the new world and the old are looking beyond quantitative measurements such as GDP and longevity to better account for changes in citizens' *quality* of life. Former US Attorney General Robert Kennedy rightly notes the importance of considering other factors aside from GDP when measuring economic progress.

The gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials... it measures everything, in short, except that which makes life worthwhile. (Kennedy, 1968, para.5)

Many world leaders are increasingly interested in what generates cross-national differences, and what lessons can be learned from these countries to improve one's societal structure. Many countries are beginning, or have already begun, to supplement traditional economic progress measures by also surveying and reflecting on the quality of life of their citizens.

The most well-known of these cases is likely that of Bhutan, a small Himalayan country that has measured its national development in Gross National Happiness (GNH), as opposed to GDP, since the 1970s (Sithey, Thow, & Li, 2015). Bhutan measures its citizens' happiness using nine equally-weighted domains, including living standards, health, psychological well-being, cultural diversity and resilience, time use, education, ecological diversity and resilience, governance, and community vitality (Nine Domains, 2018). Many Bhutanese officials continue to promote the adoption of GNH internationally (CBS & GNH, n.d.).

Bhutan's unconventional GNH measurement has attracted a great deal of interest across the world, including from leaders in Victoria, a harbor city in Western Canada. When Dean Fortin served as Victoria's Mayor from 2008 until 2014, local leaders created the Greater Victoria Happiness Index Partnership (Chatterjee, 2011). They created a survey to measure happiness – similar to that used in Bhutan – by asking Victorians to rate their happiness on a scale from zero to ten. Leaders compiled the results and used the feedback to influence policy implementation with the hopes of improving the lives of locals (Chatterjee, 2011).

HAPPINESS IN DENMARK

A Foreword on “Happy” Danes

Though Danes perform well on happiness surveys, it would be grossly misguided to believe that *all* Danes are happy. The percentage of Danes seeking treatment for mental health issues has been on a strong upward trend for many years, and now, about 20 percent of Danes experience mental health problems during a single year (Folker, 2018). In the same period, 650 people living in Denmark attempt to commit suicide (Sommer, 2016). Though it is undoubtedly helpful to study the reasons behind Denmark's high level of national happiness, it is important to also recognize that many Danes are battling mental illnesses and do not identify with the average citizen discussed in this report.

Patriotic and Happy Danes

One of the first things that many people notice when their plane touches down in Denmark is the flag. In particular, how the red-and-white national flag, or *Dannebrog*, is displayed everywhere. It covers the walls in the Copenhagen airport, drapes down from public buildings, and many Danes even have a flagpole in their yard. When the Danish Christmas markets begin in November, many vendors proudly sell Christmas ornaments or small toys decorated with the flag (see Figure 1). Danes cannot help but to smile and feel even more patriotic when they hear they are living in one of the world's happiest nations. There is an extremely strong sense of national pride, and taken cumulatively, this patriotism affects Denmark's culture and social fabric (The Happy Danes, 2014).

Figure 2 compares the happiness levels achieved in the world's happiest versus unhappiest nations. When asked to rate the quality of their lives on a scale from zero to ten (with zero being the worst possible life and ten being the best possible life), on average, Danes ranked themselves as a 7.555. They scored third highest out of the 156 surveyed nations, trailing only slightly below two other Scandinavian countries: Finland and Norway (Helliwell, Layard, & Sachs, 2018). In contrast, citizens in the world's unhappiest nation, Burundi, ranked their happiness as a mere 2.905 out of ten (Helliwell et al., 2018). The drastically different results between the world's happiest and unhappiest nations shed light on the pressing and severe problem of immense global inequality.

Denmark's consistently high rankings on happiness surveys have prompted questions from social welfare researchers. There are many misconceptions as to exactly why Danes perform so well on international happiness surveys. Though a great deal of literature points to factors such as the nation's high average income, excellent work-life balance, and strong social welfare state to explain the high levels of happiness, one of the few factors that research shows to be consistently linked to happiness is trust (Bjørnskov, 2003). After all, it is not a mere coincidence that all five of the happiest countries shown in Figure 2 also enjoy high levels of trust (see Figure 3).

Defining Trust

Before studying the relationship between trust and happiness, it is important to first define what exactly is meant by the term “trust.” Many researchers provide different definitions of trust, and some studies even use the term somewhat interchangeably with phenomena such as empathy, tolerance, morality, or civility (Morrone, Tontoranelli, & Ranuzzi, 2009). In this paper, trust is simply defined as “the subjective perception that people have in the reliability of others.”

The Link Between Trust and Happiness

Research discussing the potential of a causal link between trust and happiness is still in its infancy stages. Researchers are in the process of conducting studies, compiling data and trying to better understand the relationship between the two factors. The Harvard Study of Adult Development, one of the most comprehensive studies on human well-being of all time, has been in the works for the past 80 years (Waldinger, 2015). The study has been following a group of 724 individuals since their adolescent years to explore what has led them to lead happy, or unhappy lives. Robert Waldinger, the current director of the study, cited that amid all the uncertainties, one thing is beyond doubt: good relationships make humans happier (Waldinger, 2015). When asked how humans can cultivate better relationships, Waldinger stated that his research shows it all boils down to trust. To build trust with others, he believes that strong communication, authenticity, honesty, dependability, and empathy are highly important (Waldinger, 2015).

Another experiment that has attracted a great deal of attention from happiness researchers was first introduced by Reader’s Digest Europe in 1996 and was conducted in 20 cities across Europe and the United States (Helliwell & Wang, 2010). Ten wallets containing the equivalent of an average citizen’s daily wage were “lost” on the street, along with a family photo, and a piece of ID that made it possible to contact the owner. In Western Europe, only around two-thirds of the wallets were returned, on average (Helliwell & Wang, 2010). Out of all the cities where the experiment was conducted, in only two countries were all the wallets returned to their owner with all the remaining money: Denmark and Norway. These acts of kindness are perfectly normal in Denmark – Danes would not think to steal something at the expense of another person, especially not something as important as a wallet (SafeAround, 2018). In the end, the study found that those who believe their lost wallet would be returned if found are more than 7 percent happier, on average, than those who do not believe their wallet would be returned, emphasizing the connection between societal trust and happiness (Helliwell & Wang, 2010). The happiness is not necessarily derived from being reunited with the lost wallet and its contents; instead, it is likely tied to the contentment of being able to trust others.

Trust in Denmark

In Denmark, some tourists are amused to see unmanned stalls scattered along the countryside with fresh produce placed next to a small payment box. Many parents even feel comfortable leaving their baby outside in a stroller while they dip into a café to grab a drink – an act that led to the arrest of a Danish mother who was visiting the United States, where many are not comfortable enough to even leave their pet tied up outside a store (Sullivan, 1997). Though these acts may seem strange or naïve to some foreigners, Danes have enjoyed this level of trust since a young age. From a social perspective, these high levels of trust are a great asset and likely contribute to economic strength along with overall societal coherence and happiness (Lassen, 2016).

Considering the importance of trust, a natural next step is to study the factors that support or hinder the growth of national trust. Protestantism and the presence of a monarchy are shown to increase national trust, while income inequality and post-communist societies are less trusting of others (Bjørnskov, 2006). It comes as no surprise that

Denmark fits these criteria almost perfectly. Out of the 78 nations that track Protestant Christians as a percentage of the population, Denmark tops the list at 87.3 percent of citizens – far higher than the average of 22.7 percent (Percent Protestant, 2013). Further, like many Western European countries, Denmark operates under a constitutional monarchy (The Royal House, 2018).

Denmark has maintained a remarkably low Gini coefficient of .249 – far below the OECD average of .315 (Causa, Hermansen, Ruiz, Klein, & Smidova, 2016).² Danes pay extraordinarily high personal income tax rates of around 55 percent, on average. In spite of this, about 90 percent of Danes are “very satisfied” with the country’s tax system, as it allows for generous subsidies that provide Danes with a strong welfare system and affordable education (Wiking, 2016).

Insights of a Danish Produce Stand Operator

In an interview with Malthe Christofferson, a Dane who operates a fruit and vegetable stand in the countryside of Western Denmark, Christofferson discusses the important role that trust plays in his small business. The stand is usually unmanned, and he and his wife leave a small box for buyers to pay, along with extra coins for change. Christofferson and his wife feel content knowing they can trust that passersby will pay for the products they take. Their work experience highlights the important role that trust plays in Denmark, even for very small businesses. The full interview is shown in Figure 4.

TRUST AND DELEGATION IN TEAMS

With an understanding of the relationship between national happiness and trust, it is helpful to further explore the idea of trust, and the importance it has on a much smaller scale: team environments. The following section will discuss the relationship between trust and delegation in team settings, along with the positive outcomes of increasing these two factors.

The Importance of Team Trust

For those questioning the genuine value of having trust in a group setting, consider that those working in high-trust environments report 106 percent more energy, 74 percent less stress, 29 percent greater life satisfaction, and 50 percent higher productivity than people working in low-trust environments (Zak, 2017). So, along with committing to goals and roles, discussing how to address team conflict, and trying to minimize the say-do gap, trust is key to building high performing teams (Moussa, Newberry, & Boyer, 2016).

Trust is tied to decentralized decision-making and delegation, which have been shown to increase efficiency and lead to greater team performance (Gur & Bjørnskov, 2014). This link can be explained by the fact that decentralized decision-making increases job satisfaction, decreases the cost of information transfer and communication, and increases a company’s ability to quickly respond to market changes (Gur & Bjørnskov, 2014).

Danish Work Environment

Denmark’s work environment reflects many of the nation’s values such as tolerance, respect, and equality (Workplace Culture, n.d.). It is characterized by having a flat hierarchy, informal communication methods, and high trust among team members. In team settings, there is a tradition for delegating responsibility, and all members are expected to contribute their own ideas, share their opinions, and complete their assigned tasks within the

² The Gini coefficient measures the wealth distribution within a nation. A Gini coefficient of 0 indicates perfect income equality, whereas 1 expresses maximum income inequality (Gini Index, 2018)

predetermined time frame (Work-life balance, 2018). Danes tend to prefer to work independently – as long as they meet deadlines and follow through with their promises, other team members are generally not overly fussy about where or when their work is completed. Responsibility is shared relatively evenly among team members, and even if one individual agrees to take the lead on a task, other members feel obligated to contribute and support the team (Workplace Culture, n.d.).

Trust and Delegation Theories

There are two notable recent findings in the field connecting trust and delegation in team settings, but while this paper is being written, the mechanisms connecting the two are not fully understood. Though ground-breaking research in the field is still undergoing, these experiments have produced interesting results that are likely to contribute to further theoretical advancements in the field.

The first theory states that trust ultimately increases team performance by facilitating delegation (Gur & Bjørnskov, 2014). The researchers hypothesized that in the event that a CEO was delivered with two choices to address production problems, his or her decision of whether to delegate the issue to a plant manager would be dependent on trust levels. If trust is weak and the CEO, therefore, chooses to complete the task him or herself, there will be less decentralization, meaning more direct interventions from the CEO. This will leave the CEO with more responsibilities, resulting in cost and time inefficiencies. The experimenters hypothesized that company size would be smaller in the case where the CEO did not trust the plant manager. Their two main prepositions were that trust increases decentralization, which in turn increases company size (Gur & Bjørnskov, 2014). This theory was tested in nearly 4,000 companies in the United States, Europe, and Asia, and was found to be correct – companies headquartered in high-trust locations are significantly more likely to decentralize and be larger (Bloom, Sadun, & Reenen, 2009).

The second study sought to estimate the impact of trust on industry composition. To have a well-functioning team, the presence of high confidence and trust between the boss (or principal) and subordinate (or agent) is essential (Arrow, 1968). The experimenters argue that if trust can resolve principal-agent problems, decentralization will increase and this will impact delegation-intensive industries (such as equipment manufacturing) proportionately more than non-delegation-intensive industries (such as footwear and clothing production) (Gur & Bjørnskov, 2014). The study found that trust is positively associated with more delegation, which increases company size proportionately more in delegation-intensive industries (Cingano & Pinotti, 2012).

Hygge-Like Work Experience

Hygge (pronounced “hoo-gah”) is a popular Danish term that one can find written across the walls of dimly lit restaurants or quaint coffee shops in Denmark. There is no direct translation to English, but if asked to summarize *Hygge* in one sentence, a Dane will generally say something along the lines of “the feeling of warmth and joy experienced on Christmas morning.” The term describes a multitude of positive feelings such as coziness, safety, and happiness. Danes celebrate *Hygge* in many ways, whether that be by enjoying a hot drink with a close friend, lighting some candles and watching a movie, or cozying up next to the fireplace with a good book. Embedded in the idea of *Hygge* is the belief that good things will happen, and that one can trust others. It is difficult to achieve *Hygge* in the face of conflict or in the absence of trust (Brits, 2017). To truly embrace the Danish work culture and support team performance, teams can use the idea of *Hygge* by being positive, trusting others, and maintaining friendly and supportive relationships with team members (Scott, 2017).

Working Around the Faultline

Faultlines are emerging as a concept to shed light on the phenomena of identity differences and conflict in team settings. Faultlines can be defined as “hypothetical dividing lines that may split a group into subgroups based on

one or more attributes” (Lau & Murnighan, 1998). In other words, different attributes such as age, gender, or education can lead members to identify more closely with some and form subgroups with them (Salas, Tannenbaum, Cohen, & Latham, 2013). Faultline research supports findings by sociologists on the concept of homophily: the theory that individuals tend to form relatively strong social connections with others with whom they share similar characteristics (Retica, 2006). These dividing lines can accentuate trust problems and conflict between subgroups and can have devastating effects on overall group performance (Lau & Murnighan, 2017). Since teams with faultlines are far more prone to problems and because faultlines are unintentionally triggered so easily, it is important to understand how to avoid their activation (Chrobot-Mason, Ruderman, Weber, & Ernst, 2009).

Actively manipulating team composition to minimize the chances of faultline activation is challenging. Though this can be achieved through recruitment strategies or by selecting and arranging teams with the objective of minimizing differences, this approach has many downsides. Working as part of a diverse group allows individuals to overcome their stale ways of thinking to enhance their performance and be more innovative and creative than they otherwise might be (Rock & Grant, 2016).

A more desirable option might be to design diverse teams, but to actively take measures to avoid faultline activation. This is much easier said than done – it is extraordinarily challenging to design high-performing, diverse teams, particularly as members struggle to build trust and goodwill among themselves (Gratton, Voigt, & Erickson, 2007; Hakanen & Soudunsaari, 2012). This issue is likely less severe in high-trust countries such as Denmark. It is helpful for groups to understand the concept of faultline activation, and actively work to avoid it. Some strategies might include discussing, setting, and regularly reflecting on team goals and values, understanding how to manage and mitigate conflict among members, encouraging open communication, and addressing any potential issues as soon as they arise.

Building and Sustaining Team Trust

Though capital is frequently cited as the most important criterion for sustained growth, the importance of trust, both inside and outside the organization, is sometimes trivialized (Hakanen & Soudunsaari, 2012). Trust is highly complex and once it is lost it is very difficult to rebuild it. It is best to start off on the right foot and with the proper frameworks in place to encourage trust among members as opposed to trying to mend broken trust later on. To build trust, Reina, Reina, & Hudnut (2017) believe two components are absolutely vital. First, an understanding of trust and its importance for teams, and second, knowledge of the behaviors that build trust and how to practice these behaviors.

Without an understanding of the importance of trust, it is difficult to build it. And without trust, individuals struggle to put their best foot forward. Productivity and collaboration are hindered, communication is weakened, and completing a task takes longer and becomes more difficult than it otherwise should (Reina et al., 2017).

Second, knowing what behaviors build trust can help team members work in the right direction. There is no “one size fits all” when it comes to building trust – different people learn to trust others in different ways (Reina et al., 2017). As emphasized in the interview with Christofferson, trust seems to beget trust. Trusting others through words, and more importantly, through actions, is likely to lead others to reciprocate this trust. This can be achieved by giving up control, sharing information, and encouraging open team dialogue (Brower, Lester, & Korsgaard, 2017). Considering the multitude of benefits of increasing team productivity, if one hopes to build strong teams characterized by respect and commitment, it might be wise to begin by encouraging trust development among team members (Gur & Bjørnskov, 2014).

CONCLUSION

This paper began by discussing evidence to suggest a strong linkage between trust and happiness, then further explored the concept of trust and how it is positively related to delegation and performance in team environments. These findings emphasize the importance that trust has in both economic and business settings, and encourage further study of how trust can be established and maintained, or restored where it has been damaged.

Now is the time to encourage further worldwide dialogue on what measures countries can take to raise national happiness levels. With the proper research and support systems in place, nations can find new and innovative ways to create an improved framework for happy citizens. Policymakers can, and I argue that they *should*, seek ways to look beyond traditional economic progress measures and incorporate happiness as a growth benchmark, whether that be a healthier population, or even a stronger, more socially, environmentally, or politically aware and sustainable economy.

Over the years, as trust continues to garner more attention in the economy and workplace, the Danish model may serve as inspiration for others hoping to learn more about the positive implications of trusting those around them. Though Denmark undoubtedly has its challenges, it remains a strong example of a nation that has succeeded to build itself on high levels of happiness, security, economic freedom, respect – and trust.

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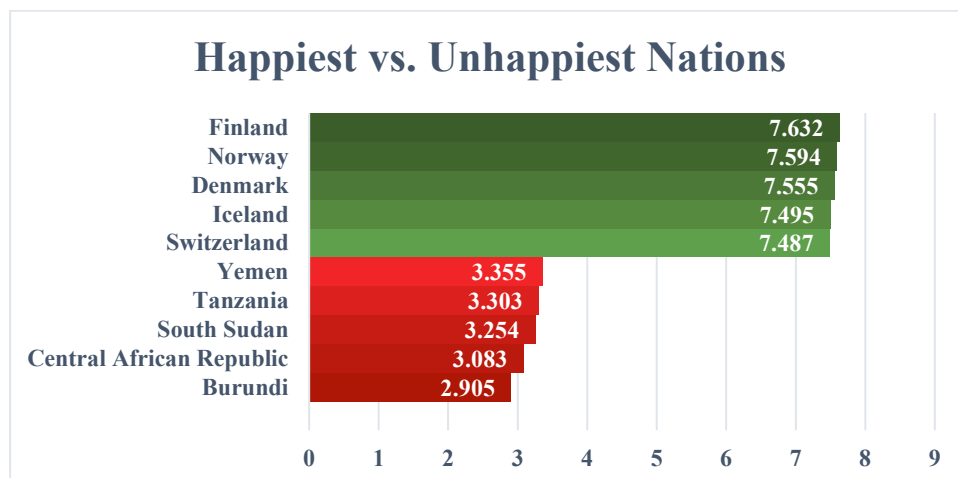
APPENDIX

Figure 1: Danish Christmas fair



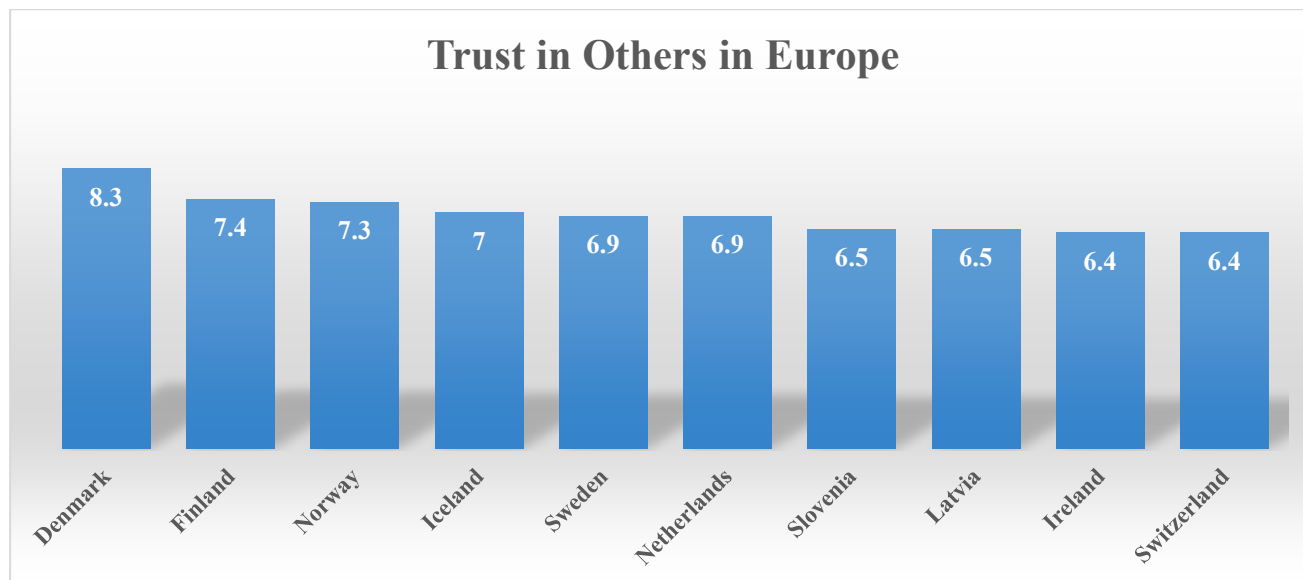
(Musgrave, 2018)

Figure 2: Ranking of national happiness (2015 – 2017)



(Adapted from Helliwell et al., 2018)

Figure 3: Ranking of most trusting European countries (2015)³



(Adapted from Ortiz-Ospina & Roser, 2018)

Figure 4: Verbal interview with Malthe Christofferson, a fruit and vegetable stand operator. (Please note that this interview has been paraphrased and condensed for clarity and brevity).

Catherine: You mentioned that you leave your stand unmanned most of the time. How are you so comfortable trusting that others will pay for the food they take?

Malthe: I always want to think the best of others and trust that their intentions are good. We leave our stand open and unmanned all day, and we rely on others that they will pay for the food they take. There are definitely risks of leaving our food unattended, but in a country like Denmark, I am not overly worried about people being malicious. I like to think that people will reciprocate the trust that I place in them by being honest and respectful, and paying for the foods they take.

Catherine: Do you think this sort of business model based on trust could be adopted in other countries?

Malthe: I think it could work in some countries, but it is hard to say. As you can tell, this stand only works because the entire business model is based on trust. My guess is that individuals in some other countries might take advantage of this trust if they are not used to it like we are in Denmark.

Catherine: Has anyone ever taken your food without paying?

Malthe: There was only one incident several years ago when, in the morning, the spare change we had left in the jar was gone. It was only a few dozen Danish Kroner so it did not bother me. I just put a few more Kroner in the jar and went to work. More than anything, I just felt disappointed that someone would take advantage of my trust. Trust is so important, and it leaves a bad feeling in your stomach when someone does something like that. But, the fact that this has only happened to me once in the 11 years that we have had the stand is pretty amazing. I feel really lucky to live in a part of the world where I can do things like this and feel confident that others will be honest. (Musgrave, 2018)

³ This data was gathered by asking respondents “Would you say that most people can be trusted?” Answers are recorded using a scale ranging from zero to ten (with ten representing the highest possible trust) (Ortiz-Ospina & Roser, 2018).