Trust in Leaders: Existing Research and Emerging Issues

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Trust is a crucial element of effective leadership that can impact followers in ways ranging from the mundane to the heroic. For example, trust has been found to explain why some employees effectively complete their jobs as well as go above and beyond the call of duty in their work without clear recompense. Among the more heroic aspects, trust can help explain why individuals have been willing to follow the visions of leaders, in some cases placing their fate (and sometimes lives) in the hands of leaders in contexts ranging from modern organizations to ancient armies and expeditions.[1]

The recognition of trust as an important issue for leaders is clearly not a new insight. In fact, research over the past four decades and from multiple disciplines has explored the significance of trust in leaders. Until recently, however, surprisingly little research has focused on illuminating *how* trust in leader contributes to the effective functioning of groups and organizations and can be leveraged toward this objective. The objective of this chapter is threefold. First, we attempt to elucidate some of the research that has been amassed on the topic of trust in leadership. Second, we present new theory and data on several issues: theoretical perspectives on trust in leadership, positive consequences associated with trust in leader, key issues related to attaining these consequences, and challenges related to the development of trust. Third, for each of these issues, we identify some important questions for future research. In this chapter, we conceptualize trust as a psychological state held by the follower involving confident positive expectations about the behavior and intentions of the leader, as they relate to the follower.

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[1] The trust and confidence aroused by leaders is a seemingly common theme in historical treatments of events that required followers to undertake extraordinary risks. For examples, see histories of Alexander the Great and his

Theoretical Perspectives

Over the past four decades, trust in one's leader(s) has been an important concept in multiple

disciplines: organizational psychology, management, public administration, organizational communication,

and education, among others. In research on the organizational behavior literature, for instance, trust has

been identified as an important (although arguably under-recognized) part of numerous leadership

theories. Transformational and charismatic leaders build trust in their followers (Kirkpatrick & Locke,

1996; Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Trust is a crucial element of the

consideration dimension of effective leader behavior (Fleishman & Harris, 1962) and leader-member

exchange theory (Schriesheim, Castro, & Cogliser, 1999). Other studies show that promoting trust can

be important for leader effectiveness (Bass, 1990; Hogan, Curphy, & Hogan, 1994). In addition to its

role in leadership theories, trust has been linked to positive job attitudes, organizational justice,

psychological contracts, and effectiveness in terms of communication, organizational relationships, and

conflict management.

Although the vastness of this research base can be a potential strength for understanding trust, it

can also present a challenge in terms of accessing and making sense of this body of research. In an

attempt to integrate some of the research literature regarding the processes by which trust forms, and

the nature of the construct itself, we propose that research to date can be viewed in terms of two

qualitatively different theoretical perspectives of trust in leadership in the literature: a *relationship-based*

perspective and a *character-based* perspective (Dirks & Ferrin, forthcoming).

As the name denotes, the relationship-based perspective focuses on the nature of the leader-

follower relationship, and more precisely, how the follower understands the nature of the relationship.

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campaign into Asia (Green, 1991) and Sir Earnest Shackelton's journey into and out of the Antarctic (Lansing, 1959).

For instance, some researchers describe trust in leadership as operating according to a social exchange process (e.g., Konovsky & Pugh, 1994; Whitener, Brodt, Korsgaard, & Werner, 1998). Followers see their relationship with their leader as beyond the standard economic contract such that the parties operate on the basis of trust, goodwill, and the perception of mutual obligations (Blau, 1964). The exchange denotes a high-quality relationship, and issues of care and consideration in the relationship are central. Researchers have used this perspective in describing how trust in leader-follower relationships elicits citizenship behavior (Konovsky & Pugh, 1994), on the operation of transformational leadership and trust (Pillai, Schriesheim, & Williams, 1999), and on the critical aspects of leader-member exchange relationships (e.g., Schriesheim et al., 1999).

The character-based perspective, in contrast, focuses on the perception of the leader's character and how it impacts a follower's vulnerability in a hierarchical relationship (e.g., Mayer, Davis, & Schoorman, 1995). According to this perspective, trust-related concerns about a leader's character are important because the leader may have authority to make decisions that have a significant impact on a follower and the follower's ability to achieve his or her goals (e.g., promotions, pay, work assignments, layoffs). This perspective implies that followers make inferences about the leader's characteristics such as integrity, dependability, fairness, and ability, and that these inferences have consequences for work behavior and attitudes. Examples of research using this perspective include models of trust based on characteristics of the trustee (Mayer et al., 1995), research on perceptions of supervisor characteristics (e.g., Cunningham & MacGregor, 2000; Oldham, 1975) and research on some forms of leader behavior (Jones, James, & Bruni, 1975). In both of the two perspectives, trust is a belief or perception held by the follower; it is not a property of the relationship or the leader per se.

To date there has been little recognition of the distinctions between these two perspectives. Distinguishing between these two perspectives is important because, as we explain further in this chapter, they have implications for how trust develops in the workplace, the consequences of trust, and distinctions between different types of trust and different referents of trust.

Does Trust in Leadership Matter? Theory and Evidence

Although some individuals may consider it intuitively appealing to consider that trust in leaders is important for individuals, groups, and organizations, social scientists have provided mixed views and evidence on this issue. For instance, scholarly views have ranged from trust as having little or no impact (Williamson, 1993) to trust being a concept of substantial importance (Golembiewski & McConkie, 1975) to organizational effectiveness. In this section, we examine some of the theory and evidence for the impact of trust through the lenses of two theoretical perspectives and discuss some unresolved questions.

Consequences of Trust for Individuals

The two theoretical perspectives outlined earlier describe two different mechanisms by which trust might affect behavior and performance. The relationship-based perspective is based on principles of social exchange and deals with employees' willingness to reciprocate care and consideration that a leader expresses in a relationship. That is, individuals who feel that their leader has, or will, demonstrate care and consideration tend to reciprocate this sentiment in the form of desirable behaviors. Konovsky and Pugh (1994) drew on this logic, suggesting that a social exchange relationship encourages individuals to spend more time on required tasks and be willing to engage in organizational citizenship behavior (i.e., going above and beyond the call of duty).

In contrast, the character-based perspective focuses on how perceptions of the leader's character impacts a follower's vulnerability in a hierarchical relationship. Specifically, because leaders have the authority to make decisions that have a significant impact on the follower (e.g., promotions, pay, work assignments, layoffs), perceptions about the trustworthiness of the leader can become important to the follower. Drawing on this idea, Mayer et al. (1995) provided a model proposing that when followers believe their leaders have integrity, capability or benevolence, they should be more comfortable engaging in behaviors that put them at risk (e.g., sharing sensitive information). For example, Mayer and Gavin (1999) suggested that when employees believe their leader cannot be trusted (e.g., because the leader is perceived not to have integrity) they will divert energy toward "covering their back", which can detract from employees' work performance. Both theoretical perspectives suggest that trust may result in higher performance and citizenship behavior -- but reach this end by distinct, and potentially complementary, routes.

Dirks and Ferrin (forthcoming) conducted a meta-analysis that summarizes the research over the past four decades. They report that trust in leadership had a significant relationship with individual outcomes including job performance ($r = .16$), organizational citizenship behavior (altruism, $r = .19$), turnover intentions ($r = -.40$), job satisfaction ($r = .51$), organizational commitment ($r = .49$), and a commitment to the leader's decisions ($r = .24$). Data from the samples were drawn from a variety of contexts ranging from financial institutions, to manufacturing firms, to military units to public institutions. The effect sizes for behavioral and performance outcomes tend to be as high or greater than the effect sizes observed between similar criterion and other key attitudinal variables such as job satisfaction, organizational commitment, job involvement, and procedural justice (for examples of similar meta-analytic reviews, see Brown, 1996; Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Mathieu & Zajac,

1990). Thus, one conclusion of this research is that trust is equally or more important to effective

organizational functioning as are the above noted variables.

Although there has been considerable research on the relationship of trust and individual

outcomes, the literature is limited on several important issues. First, almost all research to date has been

based on cross-sectional designs on which the direction of causality cannot be inferred. For instance,

rather than trust impacting job performance, it is possible that for some employees, higher job

performance inspires increased trust in one's leader. What are needed are experimental and longitudinal

research designs that empirically test causality. Second, little or no studies have explored explicitly *why*

trust is related to work outcomes. Empirical research is needed that explores the mediating processes

by which trust predicts various individual attitudes and behavior. A corollary of this research question is

how the two perspectives described above differ with respect to how trust relates to various attitudes

and behaviors. For example, is trust arising from one perspective more impacting and enduring than trust

arising from the other perspective? What is the implication of establishing a high level of trust from the

character perspective, but a low level in terms of the relational perspective? Third, little research has

been directed at understanding the moderating conditions under which trust may have a smaller or

greater effect on behaviors. For example, trust is likely to be a stronger predictor of individual

performance under conditions where employees work interdependently than when they work

independently. Fourth, almost all of the research has examined the direct (main) effects of trust in

leadership on outcomes. As Dirks and Ferrin (2001) noted, trust can have equally important impact on

outcomes by providing a facilitating condition by which other variables (e.g., incentives) lead to positive

outcomes. For example, research along this line might explore how having trust in leadership provides a

condition under which human resource practices such as incentive systems, feedback, and organizational

change may be better received by employees and ultimately more effective. In summary, a better understanding of these issues is likely to help researchers account for greater variance in the relationship between trust and individual outcomes.

Lastly, research is also needed to better explore the differences between the relational and character-based perspectives. As an initial step toward addressing this issue, the results from Dirks and Ferrin (forthcoming) indicated that for some variables such as job performance and altruism behavior, the relational model may be more predictive, while for other variables such as job satisfaction and organizational commitment, the character model may be more predictive. One might also note that the character-based perspective, which focuses on leader behavior, may be highly domain specific. That is, to create trust in leader among subordinates, leaders may need to demonstrate competence and that they know what they are talking about. An implication of this perspective is that a leader may be competent in one domain (task A)—and therefore trusted in that domain—but not trusted in another domain (task B) (Salam, 2000). Relationship-based perspectives would, in contrast, likely be more generalized and less dependent on domain-specific leader behaviors.

Consequences for Groups and Organizations

The research described above suggests that trust is associated with individual-level effects, although their magnitude might be small to moderate in size. If trust in leaders indeed has a small to moderate relationship with proximal outcomes such as individual performance, one might ask whether trust in leaders is associated with "bottom-line" benefits for groups and organizations. Three recent studies suggest that it is.

Davis, Schoorman, Mayer, and Tan (2000) examined the relationship between trust for a business unit's general manager and organizational performance. They found that trust was significantly

related to sales, profits, and employee turnover in a small sample of restaurants. Simons and McLean

Parks (2002) investigated whether a senior manager's "behavioral integrity" created collective trust in

the senior manager that, in turn, translated into higher performance. Using a sample of hotels, they

reported that perceptions of behavioral integrity and trust in the senior manager were related to

customer satisfaction and profitability. The model explained almost 13% of variance in profitability; trust

appeared to play a major role in these effects.

  Trust in leadership can also be related to bottom line outcomes for teams and work groups, as

demonstrated in Dirks' (2000) study of NCAA basketball teams. Using survey data from players

collected early in the season, and statistically adjusting for other potential determinants of team

performance (i.e., player talent and tenure, coach experience and record, pre-season performance,

performance in prior years, and trust between team members), trust in head coach (team leader)

accounted for almost 7% of the variance in winning percentage. Illustrating the substance of the

relationship, the team with the highest trust rating played for the national championship, while the team

with the lowest trust score won approximately 10% of their remaining games (with the coach being fired

at the end of the season). The variance explained by trust was nearly equivalent to that explained by

team member ability. Moreover, in a context where one would expect trust in one's team mates to be

highly crucial for success, trust in leadership proved to be a more important predictor of team

performance than was trust in team mates.

  In summary, all three studies demonstrate support the conclusion that trust is related to "bottom-

line" effects in terms of group and organizational performance. What is interesting is the magnitude of the

effect suggested by the studies – the effect is even stronger than what might be expected based on the

data from studies of trust at the individual level and its relationship with seemingly more proximal factors

such as individual performance and organizational citizenship behavior. Understanding why this occurs, as well as when trust in leadership is related to group and organizational performance requires additional theory and research.

As with research at the individual level of analysis, studies of trust at the group and organizational levels needs to examine the direction of causality. The results from Dirks (2000) indicate that performance and trust are reciprocally related: past performance impacts trust which in turn impacts future performance. Second, research might also explore exactly how trust impacts group and organizational performance. We suggest that trust in leadership might impact group or organizational performance in two complementary ways. One way is via increasing individual level outcomes such as individual performance and citizenship behavior. A second way is suggested by post hoc interviews from the first author's study of basketball teams. In explaining why trust in leader is important to team success, one coach offered the following the analogy of a team of horses: "In order to pull the wagon, all the horses have to be pulling in the same direction and cadence. Trust helps with that." In making a similar point, one player gave the following illustration: "once we developed trust in Coach ____, the progress we made increased tremendously because we were no longer asking questions or were apprehensive. Instead, we were buying in and believing that if we worked our hardest, we were going to get there." These observations illustrate that trust in leadership allows the individuals in the team or organization to suspend their individual doubts and personal motives and direct their efforts toward a common team goal. In summary, trust in leader has two complementary impacts: it first helps maximize individual efforts and performance and secondly harnesses or focuses those efforts toward a common goal or strategy. These ideas provide only a beginning to a complex issue that deserves further research. For example, it is possible that relational and character-based perspectives operate together in this

process: the relational elements of trust may inspire individuals to be willing to go above and beyond and the character-based factors such as perceived competence and integrity make individuals willing to be take the risk of focusing these toward a common goal.

Last, research might explore the conditions under which trust in leadership is more or less important. Building on Martin Luther King's observation that "the measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy", from a follower's perspective, trust in leaders may be particularly important in times of challenge and adversity. Our post hoc analysis of the data from the basketball study described above shows that, although trust in leader may indeed be higher for teams that are winning than teams that are losing, the relationship between trust and performance is significantly greater when the team is doing poorly. Specifically, for teams that had been performing well or moderately well, there was little or no relationship between trust and performance. However, for teams that had been performing poorly, the relationship was positive and strong. One interpretation of these results is that trust in leader may not be salient or may not be seen by employees as critical during times in which the environment is positive (the team is doing well). However, trust is highly relevant to employee performance when the environment is negative (e.g., recessive economy, organization in decline). Researchers need to explore these and other conditions under which trust is more versus less related to performance.

Emerging Issues: Building Trust in Leadership and Leveraging Its Effects

In the prior section, we discussed theory and evidence from existing research. In this section we provide new theory and data, and we raise questions important for developing a more precise understanding of trust in leaders. Specifically, we explore three questions: What type(s) of trust should an organization focus its efforts on building? What leadership "referent" should the organization focus its

efforts on building trust in order to achieve beneficial impact? And last, why is trust in leaders so difficult to build and maintain? These factors are important not only for advancing a scientific understanding, but also providing insight about issues related to the development and use of trust in practice.

Exploring Different Dimensions of Trust

Recent advances in research suggest that trust is not a uni-dimensional construct, but is comprised of different dimensions. As one example, McAllister (1995) suggested that interpersonal trust can be categorized into two different dimensions: affective and cognitive. Cognitive forms of trust reflect issues such as the integrity or capability of another party. Affective forms of trust reflect a special relationship with the party that may cause the referent to demonstrate concern about one's welfare and a feeling of benevolence. Despite the growing evidence of the validity of different trust dimensions, there has been only a limited amount of empirical research exploring the implications of the different dimensions. Theoretically, exploring the different dimensions should provide a more complete and precise understanding of the impact of trust. From a practical perspective, understanding the different dimensions may help leaders better leverage the effects of trust. For example, if a leader wishes to encourage citizenship behavior (OCB), on which type of trust should he or she focus?

To begin exploring this question, it is useful to recognize that the reasons underlying the relationship between trust in leader and employee OCB may vary by dimension. Based on social exchange theory, benevolence may predict OCB because the employee perceives that the leader has care and concern for the employee's well being. One way to reciprocate the leader's benevolence is by engaging in OCB. Trust in a leader's integrity may, in contrast, inspire an employee to believe that by engaging in OCB, he or she may derive future benefits because of the leader's adherence to certain values (e.g., fair treatment).

Although the effects of the different dimensions on OCB may operate independently (e.g., see McAllister, 1995), we propose that it may also be important to consider their interdependent effects. Specifically, we propose that the one dimension of trust's relationship with OCB may be contingent upon on the level of other dimensions. As noted above, the relationship-based and character-based perspectives on trust suggest that affective forms of trust in leader (e.g., benevolence) and cognitive forms (e.g., integrity) may operate via different processes on outcomes such as OCB. In order to elicit citizenship behavior, it may be necessary to engage both processes via cognitive and affective forms of trust. For instance, although the leader may be seen as being highly dependable (high integrity), there may be a reluctance to engage in OCB if the leader is deemed to have low care and concern for the employee (low benevolence). Thus we propose that integrity predicts OCB to the degree that benevolence is high, and may be strongest when both are high. This idea implies a two-way interaction between benevolence and integrity predicts employee OCB.

As part of a larger study, we explored these ideas in a sample of employees of a bank's financial services department who worked in the geographic region of Vancouver, Canada. One hundred thirty three of 174 employees responded (75% response rate). Their average age was 42.5 years, and their average tenure was 16.8 years. Seventy-two percent of the participants were women. Employees were asked to assess their trust in their manager in terms of integrity and benevolence using Mayer and Davis' (1999) trustworthiness scales. Approximately four weeks later, managers rated employees' helping OCB using a three-item scale adapted from Van Dyne and LePine (1998).

To examine the data, we used hierarchical regression follow the procedures described in Aiken and West (1991). In Step 1, we included two control variables: employees' dependence on their supervisor and tenure. Both variables showed significant bivariate relationships with OCB. In Step 2,

we entered the main effects for benevolence and integrity. In Step 3, we entered the interaction term for benevolence and integrity. The main effects for benevolence and integrity on OCB were not significant. The interaction between benevolence and integrity was significant (beta = .22, p < .05; change in r-squared = .03). A plot of the data indicates that the relationship between integrity and OCB is positive when benevolence is high. At moderate and low levels of benevolence, the relationship between integrity and OCB is non-significant.

These findings present a number of implications, as well as questions for future research. First, the data suggest that, in this sample, it was not enough for a leader to be trusted in terms of integrity or the extent to which he or she cares about the follower – both dimensions of trust were required in order to predict OCB. This idea presents a challenge to leaders because it suggests that they must develop dual competencies. For example, from a leadership development perspective, it means that leaders must be able to effectively cultivate an image of personal integrity, and also be able to establish personal relationships with subordinates; these are likely to require different sets of behaviors.

Clearly, the data we presented above only focused on two specific dimensions and one outcome in one organization. It would be interesting to explore the extent to which different types of trust (including capability) predict other outcomes. Bigley and McAllister (2002), for example, examine how affective trust in leader may create a "transformation in relational logic" which produces differential interaction effects for integrity trust and capability trust. They suggest that employees will contribute OCBs when both affective and integrity-based trust in supervisors are high; in contrast, employees are more likely help the supervisor via OCB when they feel high levels of affective trust, but feel that he or she has less competence (and hence needs the assistance). It may also be interesting to explore whether different types of trust in leaders is required for different organizations or contexts. For

example, it may be that some organizations that espouse values of care and concern (e.g., a social service agency) may require particularly high levels of care and concern trust than organizations that espouse other types of values such as integrity (e.g., the military).

<u>Exploring Different Referents of Trust</u>

Perhaps just as important as identifying the type of trust is identifying the exact referent of trust. To this point, we (like much of the literature) have used the term "trust in leader" without considering the variation in leadership roles. In order to effectively leverage the benefits of workplace trust, there needs to be a better understanding of which "referents" may be most relevant and important for eliciting such things as performance and citizenship behavior. For instance, under what conditions should an organization focus its efforts on establishing trust in supervisor-subordinate relationships versus on building trust in senior management? And, what about focusing on trust among co-workers? Although building trust in each of these relationships is likely to be important, limited resources may cause organizations to focus more efforts on some relationships than others.

Arguments from the relational and character-based perspectives would suggest that trust in different referents might be associated with different consequences. Following social exchange principles, the relationship-based perspective implies that followers will reciprocate benefits received, and that individuals will target their efforts to reciprocate toward the source of the benefit received. For example, trust in direct leader should be associated with reciprocation primarily aimed at that leader, as opposed to senior leadership (e.g., top management team). Likewise, efforts to reciprocate trust in senior leadership would be targeted toward senior management.

Research reviewed by Bass (1990) indicates that supervisors tend to perform activities such as managing performance and day-to-day activities on the job. In contrast, senior executives perform more

strategic functions such as setting strategic direction, allocating resources to various projects and

departments, communicating to employees the goals of the organization, and so on. Given the distinction

in the roles of the different leadership referents, reciprocating trust in one's immediate leader may be

related to job-related outcomes such as increasing job performance or engaging in citizenship behaviors.

For instance, individuals might give extra time to fulfill supervisor requests, or may engage in helping

behavior such as staying late to help a supervisor or co-worker due to a social exchange process

involving a supervisor. In contrast, trust in senior leadership may involve reciprocating to that referent

with high commitment to the organization and its mission. The character-based perspective, focusing on

concerns about the integrity, reliability, and honesty of specific leaders, would also suggest that

understanding which referent is trusted will predict the response or concern toward a specific individual.

 A similar argument to this one has been made in the research on organizational justice.

Perceptions of fairness of a supervisor has been found to predict agent-referenced outcomes

(supervisor-directed citizenship behaviors), whereas perceptions of fairness of policies and procedures

predict system-referenced outcomes (organizationally-directed citizenship behaviors) (Masterson,

Lewis, Goldman, & Taylor, 2000). Thus, insofar as individuals make distinctions between their

immediate supervisor and the senior executive team, there may be differences in the consequences of

the different referents of trust in leadership.

 Dirks and Ferrin (forthcoming) found that trust in supervisor was more strongly related to job-

level variables, whereas trust in senior leadership was more strongly related to organizational level

variables. As one example, they found that job performance related at a significantly higher level with

trust in supervisor ($r = .17$) versus trust in senior management ($r = .00$). In contrast, organizational

commitment was related at a significantly higher level with trust in senior leadership ($r = .57$) than with

trust in supervisor (r = .44). The limitations of this research, however, is that it was not able to look at these differences within a single sample to separate the unique variance attributable to trust in each referent. Research is needed to further explore this idea in primary studies.

Future research might also explore whether organizational effectiveness requires trust in multiple referents. For example, earlier we suggested that trust impacts group or organizational effectiveness by maximizing individual efforts and performance and by harnessing or focusing those efforts toward a common goal or strategy. Building on our earlier theorizing, we propose that trust in supervisor impacts individual performance and trust in senior management harnesses those efforts toward organizational goals.

Focusing solely on trust in supervisor, however, may overlook other important referents. Many contemporary workplaces have become characterized less by an employee's reliance on a supervisor and more by the importance of one's exchanges with co-workers to his or her performance. Exploring trust from the viewpoint of peers is highly relevant in light of the growing presence of lateral relationships in organizations. Thus, research might explore the implications of trust in leaders versus trust in coworkers. While the former might result in contributions directed toward the supervisor and the organization, the latter may be directed toward contributions directed toward coworkers. Examples of consequences include might be exchanges of information knowledge with coworkers and helping coworkers in need (e.g., see McAllister, 1995). We suggest that the extent to which trust in, and the subsequent willingness to engage in exchanges with, leaders versus coworkers contributes to individual and group performance is likely to be contingent upon factors such as the extent to which individuals depend upon others to complete their work. For example, in groups where the leader controls resources, sets the strategies, etc., trust in leaders will be particularly important, while in work group

contexts where coworkers (as opposed to leaders) play an important role in making pivotal decisions, trust in coworkers may be more important. Clearly, in most cases we would expect that some combination of trust in leaders (supervisors, senior management) and trust in coworkers would be helpful, but the conditions under which each one may be most important deserves further research. The answer to this issue would provide guidance on when organizations may, on the margin, focus efforts on establishing trust in each type of referent.

The Challenge of Building and Maintaining Trust in Leadership

The evidence reviewed in an earlier section suggests that trust has numerous individual and organizational benefits. Such findings clearly indicate that building and maintaining trust in leaders is important to effective organizational functioning. Most of the existing research places the responsibility for building and maintaining trust in the hands of the leader. Whitener et al. assert that "managers' actions and behaviors provide the foundation for trust and that it is actually management's responsibility to take the first step" (1998: 514). Using a relational perspective, these writers proposed five types of behavior that impact trust including behavioral consistency, behavioral integrity, participative decision-making, communication, and demonstrating concern. The evidence reviewed by Dirks and Ferrin (forthcoming) seems to confirm the significance of followers' perceptions of leadership actions and styles. Dirks and Ferrin report substantial relationships between perceptions of leadership actions including transformational leadership ($r = .72$), interactional justice ($r = .65$), participative decision making ($r = .46$), and failure to meet expectations of subordinates ($r = .40$), as well as others. In short, trust in leadership appears to be associated with a well-established set of leadership actions and behaviors.

What might be more interesting and more puzzling than the leadership behaviors that increase or decrease trust is the apparent challenge associated with building or maintaining trust in the work place. For example, a recent survey suggested that almost two-thirds of employees report having little or no trust for their employers (AFL-CIO, 2001). Another survey found that over 52% of employees don't trust their management of their organization and don't believe the information that they receive (Katcher, 2002). Similarly, 55% of employees in Robinson and Rousseau (1994) reported that their employer had violated the psychological contract, resulting in significantly reduced trust.

From the leaders' perspective, we also suspect that many leaders who have developed high levels of trust may be achieving less trust than they would like. Anecdotal evidence describing this notion comes from the study of college basketball teams described earlier (Dirks, 2000). After the research was completed, one of the coaches in the study telephoned the first author to inquire about the level of trust that his players had reported about him in the survey. The data showed that his ratings were quite high. Even though his trust rating was high compared to other teams in the study, he expressed surprise and disappointment in these results because he had expected it to be higher given his efforts: "I don't understand. Why don't they trust me completely?" This coach had almost two decades of coaching experience, was the recipient of almost every major coaching award, and felt that he had the best intentions of his players at heart and worked hard at establishing relationships with them. This anecdote is important in that it reveals that, even this highly successful leader, largely trusted by his players, was challenged to achieve the level of trust he desired and expected.

What factors may account for the challenge that leaders face in building and maintaining trust? There are clearly numerous potential answers to this question. One might for example, place the challenge within the leader. Some researchers have suggested that leaders are often selected on the

basis of technical rather than interpersonal competencies (Hogan et al., 1990). Hence, this argument

would suggest that many leaders do not always possess the competencies or motivation to build trust.

The principles for building trust do not, on the surface, appear to be mysterious, so one reason for the

challenge of building trust is that many leaders may prefer to focus their efforts on other goals.

The challenge of building and maintaining trust in the leadership role may also lie partly in the

leadership role, as opposed to the individuals in those roles. We feel that this represents one of the more

interesting and plausible reasons. We label these reasons "trust dilemmas" because the many tradeoffs

involved in maintaining trust in multiple relationships.

As part of research and training sessions with the financial services firm described above, we

conducted focus groups investigating the behaviors that build or break trust. As expected, many

individuals mentioned the behaviors discussed earlier (e.g., fairness, behavioral integrity, etc.). An

unanticipated and interesting theme regarding the implementation of these behavior arose: roles in

organization, particularly leadership roles, put individuals in dilemmas which made it difficult to

consistently engage in trust building behaviors, and often encourage individuals to engage in trust-

breaking behaviors. More specifically, these situations put leaders in a dilemma whether they may have

to simultaneously *meet the expectations of one party*, and *violate the expectations of another*. For

example, a leader might face demands to meet goals set by one's superiors (e.g., cut costs), and have

made compensation promises to one's subordinates that conflict with those demands. As another

example, leaders often feel the need to give special treatment to high potential employees, while having

expectations from other employees about treating all subordinates (even those with limited potential) as

equals. Or, leaders must often try to manage the perceptions of diverse constituencies and in doing so

represent themselves in inconsistent ways (Simons, forthcoming). Hence, the leader faces a "trust

dilemma" in which individuals are forced to take an action that may sustain the trust of one party, but break the trust of another.

Several psychological factors associated with attribution processes grounded *in the perceivers* are also likely to accentuate the problem. First, leaders face a high level of scrutiny from followers because the latter is outcome dependent on the former (Berscheid, Graziano, Monson, & Dermer, 1976). As a consequence of the increased scrutiny, employees may be particularly likely to notice when managers do not fulfill expectations (Simons, forthcoming). Illustrating this idea by examining pairs of graduate students and their advisors, Kramer (1996) found that the former spent a substantial amount of their time observing the latter and ruminating about the behavior[2]. In addition, students often drew very negative conclusions about faculty behaviors toward them, even when those behaviors had not intention behind them. In searching for signs of whether or not to trust a leader, individuals may find trust dilemmas particularly rich in information, given these situations may be seen as revealing a leaders' "true" motives as they are put to the test under conflicting pressures.

A second factor involved in the perceptual process builds on well-established finding from attribution research that indicates that individuals typically discount the extent to which situational factors are the cause of individual behavior, relative to dispositional factors (Fiske & Taylor, 1991). In other words, individuals may over-attribute the behavior to the leader's disposition -- e.g., his or her trustworthiness -- as opposed to the dilemma the leader faces. When individuals have an unfulfilled expectation there may be an increased chance that they may search for the source of responsibility in the disposition of the person causing that negative outcome.

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[2] Kramer reports that graduate students spent three to nine times more time than faculty ruminating about the relationship.

Third, trust may be more easily broken than built; a single incident of broken trust may create a significant drop in broken trust (e.g., Lewicki & Wiethoff, 2000). Hence, even if a party violates the expectations of followers in a single incident, that incident can create a significant drop in the level of trust and make followers more sensitive to future actions that may be interpreted as a violation. As noted above, trust dilemmas create the conditions under which a single violation is likely.

Related to the above processes, another line of inquiry concerns the personal dispositions of the subordinate. Some writers (e.g., Salam, 2000) have argued that such characteristics as integrity and competence will not be sufficient to increase trust for subordinates of certain personalities. The generalized expectation about the trustworthiness of others (Mayer et al., 1995) would be an example of such a personality trait. In addition to focusing on personality as a main effect on trust, a relevant question is whether the subordinate's personality moderates the trust-in-leader and subordinate reaction relationship. For example, employees who are high (versus low) on neuroticism and low (versus high) on agreeableness measures tend to have stronger reactions to unfair treatment by their manager (Skarlicki, Folger, & Tesluk, 1998). Based on the above discussion regarding the psychological factors of the perceiver, personality variables associated with one's attributions styles (e.g., Kramer, 1994) and generalized outlook (e.g., neuroticism) are likely to be important moderators in terms of understanding the relationship between trust in leader and various outcome variables.

In summary, future research might explore the factors that challenge the difficulty in building trust. We feel that exploring how trust in leaders is built and broken in situations involving "trust dilemmas" may be an interesting direction to take. Research on these would involve identifying the characteristics of managers more or less likely to get into these dilemmas or who are more or less able to navigate them once they are in them.

Regarding the former, the literature on cognitive biases may highlight why some managers are more likely to get into such dilemmas. For example, managers may vary on an overconfidence bias that creates a propensity for them over-commit to promises which will be difficult to fulfill.

One example of the ability to navigate such situations involves anecdotal and empirical evidence showing that, despite understanding the behaviors that contribute to trust, some managers don't always do the right thing, and in some cases can make "bad times worse". For example, trust pundits recommend that, particularly during hard times (e.g., layoffs, salary cuts), trust can be enhanced by such things as providing quality (e.g., face-to-face) communication, including giving an adequate explanation for decisions, and treating employees with dignity and respect. Folger and Skarlicki (1998) found, however, that some managers tended to avoid interpersonal contact with employees when delivering bad news, especially when the managers believed they were somehow responsible for the bad news. Leaders may experience anxiety regarding telling subordinates the truth based on the reluctance to transmit bad news (MUM effect) (Tesser & Rosen, 1975). Alternatively, they may wish to avoid confrontation with a potentially irate employee fearing that the may "shoot the messenger". The pivotal issue in this case is that some leaders often avoid doing precisely those behaviors that are likely to contribute to trust. For example, some leaders may be tempted to rely on internet for communicating messages that would be more effectively communicated in person. From a relational perspective on trust, leaders may be particularly uncomfortable in delivering bad news to individuals with whom they have a strong relationship.

The impression management literature might also provide insight into why some managers are better than others at managing impressions of trust in terms of character when faced with difficult situations. As one example, some managers may be effective a making their trust-related behaviors

visible to subordinates or be better and at creating perceptions of sincerity (warranted or not) of the

leader's gestures. This line of inquiry will have implications for managers who might not understand why,

despite exhibiting the necessary behaviors, might not be reaping the rewards of do so.

Conclusion

The goal of this chapter is to bring into focus some existing and emerging research themes on

trust in leadership. In the first portion of the paper, we discuss and review some of the central theoretical

and empirical research on trust in leadership within organizations. We identify two perspectives relevant

to trust in leadership: character-based trust, and relationship-based trust, and we highlight throughout the

paper how these perspectives may have different implications for understanding trust in leadership. We

then address the question of whether trust in leaders matters in the workplace, and we provide evidence

that shows trust indeed can have significant consequences at the individual, team, and organizational

levels of analyses. Because previous findings on this topic have been mixed, however, researchers

should be inspired to search for reasons that might explain some of this variance. We offer some

suggestions for research directions.

We also explore how organizations might leverage the potential benefits derived from trust in

leadership. We focus on three related issues. First we consider that trust in leaders may be best

understood by exploring how the different dimensions of trust combine to predict organizational

outcomes. Second, we urge researchers to consider that trust in leader may have different referents

(i.e., the immediate supervisor, the executive team), and that trust in the different referents may develop

differently and have different consequences. Moreover, we discuss the possibility that trust in other

referents, such as co-workers, are likely to be an important avenue for research. Third, we explore why

is trust in leaders so difficult to develop. In this section we identify several "trust dilemmas" in which the

correct action by a leader to increase trust is not always clear or, if principles are known, these steps are not always taken.

Many of the ideas proposed in this chapter await empirical testing. Although we consider the issues raised in this chapter to be important to developing our understanding of trust in leadership, we do not propose that the list of topics discussed here is exhaustive. We hope that it is evident to readers that many questions regarding trust in leadership have not been tested, and we hope by this chapter to stimulate further thinking and research on trust in leadership.

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