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## Chapter 3

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### OCC Dimension 1: Trustworthy Leadership

The glue that holds all relationships together—including the relationship between the leader and the led—is trust, and trust is based on integrity.

- Brian Tracy

The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant.

- Max De Pree

### 3.1 What Is Trustworthy Leadership?

Trustworthiness can be thought of as the quality of someone being competent and benevolent so that others can safely be in partnership with that person. As Brian Tracy suggests earlier, trustworthiness is important to all human relationships, but it is essential for leadership effectiveness and the ability to prepare for and drive organizational change.

All change requires a partnership between leaders and followers. In any partnership situation, the leader must first demonstrate competence. After all, why should anyone follow the leader if the leader first does not demonstrate skill or competence in envisioning the future, making that vision a reality, or both? Certainly, followers are compliant every day with those in authority, but compliance is largely effective only in stable and unchanging situations. In unstable and changing situations, a trusting disposition among a critical mass of the employees is essential. If the followers' disposition is largely compliant, change will be temporary or nonexistent. Indeed, it is foolish for anyone to follow a leader who is not deemed competent to lead. In other words, it is appropriate for followers to resist change when the leader has not demonstrated competence in leading. Kelley (1992).

But competence must be coupled with benevolence for one to have sufficient trust in a leader to agree to be led. Competence is a reflection of skill and followers want and need their leaders to be skillful, but what if the leader skillfully takes advantage of his or her followers? This implies that to be skillful or competent as a leader is necessary, but not sufficient grounds for leading change.

The popular press focuses on charisma as the mark of leadership, but history is replete with charismatic leaders who attracted lots of followers and then led them in self-centered and manipulative ways. Thus, the leader must benevolently care for his or her followers' well-being, and they must be convinced that they are being cared for.

A metaphor that I like to use with executives when discussing the importance of benevolence is that of a knife. Knives are tools that can be handled with great skill, such as preparing food for a meal or defending from an attack. However, if the followers turn the knife over to the leader, they first want to be sure that the leader will not use the knife on them. The knife is a metaphor for power, and leadership involves the proper use of power. All knife-wielding leaders need to show that they

know how to use a knife, and that they will not use that knife against their followers.

Some argue that those in authority positions within an organizational pyramid are the leaders of the organization, and that all that is needed to lead is for the followers to respect the authority of the position. This conception worked in the past, but works less and less in today's organizations, as I will discuss later in this chapter. Indeed, many observers now argue that we are seeing the decline of authority and rise of trust as an organizing principle. Hardy (2007). Clearly, to be effective today, strategic leaders need to combine trust with authority. Authority is helpful, but it is not enough to lead others effectively.

## 3.2 Trustworthy Leadership Yields Trust and Cooperation

Chester Barnard was one of the first writers who observed that **trustworthy leadership**<sup>1</sup> yields trust and cooperation. Barnard was a rare individual who worked in a major corporation (New Jersey Bell) for 40 years and rose to a position of leadership; afterward, he wrote insightfully about that leadership experience. Barnard noted that the key to organizational survival and prosperity was cooperation, communication, and a shared sense of purpose. He further argued that leaders could only lead when they were perceived to be trustworthy by the rest of the organization. Even in the 1930s, Barnard argued that authority is completely a function of the willingness of subordinates to cooperate with the leader. Barnard was well ahead of his time. Barnard (1938).

Warren Bennis argues that the traditional idea of a “heroic” individual leading followers through sheer force of will is a myth. Instead, he argues for creative and productive partnerships among a group of individuals as being the only viable way forward. He emphasizes the importance of those in leadership positions needing to learn how to generate and sustain trust so as to enable organizations to survive the increasingly turbulent changes swirling around and within today’s organizations. Bennis (1999b).

Some argue that there is so much distrust in the workplace today that leaders can no longer rely on trustworthy leadership as an organizing principle. While it is true that there is very little trust in most of the organizations today, it is not true that mistrust on the part of followers cannot be diminished over time. For example, in a recent experimental research study, trustworthy players were found to be more effective in obtaining mutual cooperation than untrustworthy players, even given a history of distrust prior to engagement. Trustworthy players did this through signaling reassurance, rather than fearful messages, to the potential partner. Kydd (2000). In sum, trustworthiness is essential to change, and it can even overcome a mistrusting disposition.

Others argue that it is human nature to resist change, and that organizational changes are even more challenging than individual change. However, this viewpoint is too pessimistic, and both the empirical evidence and common sense suggest that human beings generally want to be part of something that is changing for the better, if there is trustworthy leadership driving that change and if they are involved in helping to decide the nature and pacing of the changes. Peus, Frey, Gerhardt, Fischer, & Traut-Mattausch (2009).

1. Organizational direction that yields trust and cooperation and also inspires change.

**Dynamic stability**<sup>2</sup> is the new normal; static states of equilibrium are becoming rarer in organizations. Trustworthy leadership helps to reduce the pain associated with organizational change, Abrahamson (2000). and it yields increased employee engagement. Dittmar, Jennings, & Stahl-Wert (2007). Trustworthiness can lead to more creative work, and organizational innovation is impossible without trustworthy leadership. Littlefield (2004).

2. The 21st-century standard of organizations being both stable and change-capable.

### 3.3 Trusting Cooperation Makes All Change Possible

Organizations can function for short periods of time where part or all of the top management team are viewed as untrustworthy. However, this will thwart the organization's overall ability to change, and in the long term all organizations must change in order to survive. When in a crisis situation, however, trusting cooperation, and hence trustworthy leadership, is essential to survival. Booher (2002). It is a truism that when the ship is sinking, the captain of the ship must be obeyed in order to save the ship and its crew. If the ship's captain is not viewed as trustworthy, the rational thing for the crew to do is abandon the ship, regardless of what the captain is urging.

Many if not most of today's changes are complex and interrelated. For example, business process improvements typically cross multiple departments and multiple levels of an organization. Previous research has shown that preparing for change and the presence of trust can enable an organization to avoid "silo" thinking and focus on the organization's well-being. Hall (2008).

Middle managers are the linkage between top executives and frontline employees. During all change initiatives, middle managers often feel torn between the changes urged by the "tops" against the resistance expressed or observed by frontline workers. Trustworthiness on the part of change agents enables middle managers to maintain the linkage between tops and the frontline, rather than actively or passively resisting the change. Weber and Weber (2001). In sum, all change requires trusting cooperation, and that is why trustworthy leadership is a critical dimension of organizational capacity for change.

### 3.4 Trustworthy Leadership Is Valuable and Rare

To secure competitive advantages today, organizations need valuable and rare resources. Previous research has demonstrated that trustworthy leadership is not only valuable; it is also rare. Barney and Hansen (1994). For example, recent research has shown that trustworthy leaders are often able to establish trusting climates within organizations, and that the higher the trust level, the more profitable the organization is. Burton, Laurdisen, & Obel (2004). Furthermore, other research has demonstrated that trustworthy leadership speeds up the decision-making process as well as the implementation speed of new strategies. Roth (2008). This suggests that trustworthy leadership helps to assure not only the organization's survival but also its future prosperity.

Fortunately or unfortunately, trustworthy leadership is relatively rare within today's organizations. In a recent national poll, it was revealed that 80% of Americans do not trust the executives who lead major corporations. Even worse, roughly half of all managers do not trust the top executives in their own firms. Hurley (2006). In another national survey, 62% of all workers claim to have no aspirations to any leadership role within their organization because they perceive the leaders to be untrustworthy. Harris (2010). Clearly, having a trust gap between consumers and corporations is problematic, but it is even more challenging when middle managers and frontline employees lack trust.

There are many reasons given for the rareness of trustworthy leadership within today's organizations. Clearly, many executives did not act in a trustworthy fashion in the aftermath of the Enron, Worldcom, and AIG scandals. Pellet (2009). Indeed, some observers even declare that "trust is dead." Kempner (2009). While I personally do not believe that trust is dead, I do agree that the level of trust that Americans have for their leaders is not very high.

Another reason given for the lack of trust in today's corporate leaders is the view that compensation levels are becoming excessive, and that executive leaders are greedy and self-serving above all else. Williamson (2008). While many workers have been laid off in recent years, or are assuming increasing duties with no pay increases, executive compensation has been increasing dramatically. Clearly, the perception of injustice and unfairness on the part of executive leadership is not conducive to fostering trust and cooperation among the rest of the organization.

A third common reason why it is getting harder to trust executives is because the shareholder value ethic is eroding the trust of the general public, especially in

publicly held corporations. The consulting firm McKinsey notes that building trust among key stakeholders is a strategic concern for any corporation, and that generalized stakeholder trust is a major competitive advantage since it is so rare. Bonini, Hintz, & Mendonca (2008). In sum, trustworthy leadership is not only valuable; it is also rare. The good news here is that when the strategic leader is viewed as trustworthy, a noteworthy competitive advantage is generated.

### 3.5 Trustworthiness Is Becoming Increasingly Important

Notably, leadership trustworthiness is not only rare, but it is also becoming more important. Daniel Yankelovich tracks social trends throughout the United States, and he argues that a new social contract is replacing the old one. Yankelovich asserts that as we transition from an industrial to an information-based economy, the employment relationship is changing dramatically, and that these changes require that organizations be managed and led differently. Yankelovich (2007).

There are hints as to where these changes are all leading. Some note that organizations are evolving into federations and networks, and evolving away from pyramids and hierarchies. Bennis (1999a). When an organization is organized more as a network, then “**lateral leadership**”<sup>3</sup> is more the norm than is vertical leadership. Kuhl, Schnelle, & Tillman (2005). If this assessment is correct, being at the top of the pyramid or hierarchy will be less critical to getting things done in future organizations.

Others note that the millennial generation now outnumbers the baby boom generation in today’s workforce. This new generation of workers, having seen their parents get laid off, outsourced, and downsized, is much less loyal to the organization than previous generations. As Marshal Goldsmith observes, this generation wants you to earn their trust; trust is not given automatically. Goldsmith (2008). Therefore, as millennials increasingly infiltrate our organizations, organizational leadership is going to have to earn their trust in order to be effective, and that trust is not easily earned.

Another trend in organizational life is the growing pervasiveness of virtual teams that are often spread out in a wide variety of time zones and countries. Since work cannot be directly observed or controlled, accountability systems must focus on outcomes and “control” is exerted through trusting partnerships. Henttonen and Blomqvist (2005). In general, the trend for future organizational life is clear: leaders need to rely more on soft power and persuasion than on hard power and control. Nancheria (2009). In sum, trustworthy leadership is not only valuable and rare, but it is also increasingly important.

3. Organizational structure in which an organization is organized more as a network than as a hierarchy.

## 3.6 Practices for Cultivating Trustworthy Leadership in Your Organization

There is no recipe or formula for building trustworthy leadership within an organization. Human beings are too variable for a recipe and human relationships come in all shapes and sizes. After all, leadership development is an “inside job” that requires character development, and character development was the focus of a previous book of mine. Judge (1999). However, there are some behavioral principles for those individuals and organizations seeking to make their organizations more change capable.

### **Practice 1: Become Skillful in Leading Others**

Leadership takes skill and all skills can be developed over time. Without previous experiences in leading others through a change initiative, it is not possible to become a trustworthy leader. McCall, Lombardo, & Morrison (1988). Hence, anything that an organization can do to accelerate and enhance the leadership skills of its managers will yield long-term benefits in also enhancing the organization’s capacity to change. Tichy and Cohen (1997).

However, having a formal leadership development program is not enough to generate skillful leaders. In a recent review of these programs at eight major corporations, the differentiating factor that separated the successful programs from the unsuccessful programs was whether or not personal follow-up was part of the program or not. Personal follow-up involved such things as reminder notes to keep working on the development plan, one-on-one sessions with an executive coach or peer, and sufficient time and resources to work on important attitudes and behaviors unfolding in real time. In other words, leadership development is a contact sport. Goldsmith and Morgan (2003).

### **Practice 2: Learn How to Speak With and Listen to Associates**

One of the problems with much that has been written about leadership and communication is that too much has been focused on telling the rest of the organization what the leader wants to do and helping to persuade the organization that resistance to change is a bad idea. This is only part of what is required. In order to build the leader-follower relationship, time and energy must be invested so that fears, concerns, and doubts can be expressed, alternative viewpoints can be discussed, and challenges to the vision can be articulated.

Most change initiatives fail because they do not consider the emotional aspects associated with change, and trustworthy leadership that communicates well can be an important antidote to counteract that obstacle to change. Indeed, noted author and change guru John Kotter argues that it is important to understand what people are feeling and to speak more directly to their anxieties, confusion, anger, and distrust. Kotter and Cohen (2002).

Interestingly, recent research reveals that the more communication that goes on between executives, the more trustworthy the communicators view each other to be. In a study of 50 senior managers within a multinational firm, it was reported that those executives who communicated more often were more likely to view others in the organization as more trustworthy. Becerra and Gupta (1999). Perhaps this is why interactive communication forums such as town hall meetings, online blogs, and two-way video sessions are becoming staples of organizational life.

### **Practice 3: Know Your Values and Act With Integrity**

A key element of trustworthiness is consistency over time. The best way to be consistent is to know your values and act in concert with those values. If the leader or leaders are not clear about what their values are and what values they want to emphasize within the organization, they are likely to send out mixed messages to the rest of the organization.

Subordinates pay attention to what leaders say and do. When the message changes, or more importantly, when the message stays the same and the leader's actions are not consistent with that message, trust is destroyed. One of the key factors noted in Ford's recent success as compared to General Motors's and Chrysler's struggles was described as "talking the walk, and walking the talk." Drickhamer (2004). In other words, Ford executives were able to build up more trust with their employees than executives at the other Detroit firms. Knowing your values and acting consistently with them is harder to do than one would think, but building trust in the absence of consistency between espoused and enacted values is virtually impossible.

### **Practice 4: Think "Win-Win" as Much as Possible**

If employees are to trust their leaders, they need to know that their leaders genuinely care about them. This doesn't mean that the leader must avoid conflicts and "play nice" all the time. It does mean that employees know that the leaders of the organization are not just in the game for themselves. Pragmatically speaking, leaders must seek win-win options as much as possible and employees need to know that the leader is looking to create a win for them. Covey (1989). In other words,

followers want to know that you care about them before they are willing to trust you and follow you. Kouzes (2005).

Interestingly, organizations that went from being good to great were all led by relatively humble leaders who were more focused on building the organization than on their own well-being. Humility is not a traditional aspect used to describe effective leaders, but it is consistent with generating the organizational trust necessary to pursue a bold new vision, change initiative, or both. In sum, caring about the well-being of the entire organization and putting its well-being on a par with your own is essential for building organizational change capacity.

### **Practice 5: Be Authentic and Human; You Don't Have to Be Perfect**

Because the building of a trusting relationship takes time, it is not a one-time event. While we live in a society that is very unforgiving of mistakes, in order to build trust within an organization, it is more important to be authentic and human than it is to be perfect. When a mistake is made by a leader, it should be owned and acknowledged. Sometimes that acknowledgment needs to be made public; sometimes it needs to be private. The following quote is instructive in this regard:

Apologies can create the conditions for constructive change. An apology can also serve to strengthen an organization. Apologizing by admitting a mistake—to co-workers, employees, customers, clients, the public at large—tends to gain credibility and generate confidence in one's leadership...To apologize is to comprehend and acknowledge one's error, to act justly; it requires that the truth be told without minimizing or rationalizing the behavior. Stamato (2008), p. 1.

Part of authenticity is being candid and transparent. However, leaders should selectively reveal their weaknesses since too much disclosure can be inappropriate in certain times and places. Goffee and Jones (2000). In other words, it is possible to overdo this candor and undermine one's trustworthiness.

### **Practice 6: Seek Respect, Not Friendship, From Your Subordinates**

As this chapter suggests, organizational leaders need to earn the trust and respect of their followers. However, this does not mean that leaders need to be friends with their coworkers. Friendship at work is a wonderful thing, but far more important is the respect that others have for the leadership of the organization.

Respect is earned through being fair and just. And fairness applies to not only what the policy is but also how the policy is implemented. Indeed, recent research found that employee openness to change was even more influenced by how justly the policy was implemented than by how fair the policy was perceived to be in actual substance. Chawla and Kelloway (2004).

### **Practice 7: Trust Others a Bit More; Control Them a Little Less**

Relationships are reciprocal in nature. There must be give and take for them to work properly. If leaders want the organization to trust them, then they must learn to trust the organization. While this prospect can be terrifying to some leaders with their fixation on control and predictability, it is an essential ingredient to building organizational capacity for change.

I personally had to deal with this issue myself recently. My 12-year-old daughter and a friend of hers and I visited the boardwalk in Virginia Beach where we live. The girls wanted to rent a four-person bicycle and so we did just that. Being the most experienced driver in the group, I assumed the steering role at the front left-hand side of the bicycle. However, after a few minutes, I offered to let my daughter steer the vehicle on the bicycle path. I made that offer with some trepidation knowing that her eye-hand coordination was not very developed and her ability to focus left much to be desired. Furthermore, the bikeway was quite crowded with other bicycles and many pedestrians nearby. However, I wanted her to learn to trust her driving ability and to know that I trusted her, so I made the offer. She readily accepted, and sure enough, the bicycle careened off the bike path into a bush in a few minutes when someone unexpectedly stepped in front. However, I kept my mouth shut and we did it again and she did much better the second time. Notably, my daughter said this was the highlight of our trip to the beach, and she seemed to walk a little taller and prouder after this little experiment.

Of course, the consequences of driving a bicycle off the path are not as bad as driving an organization off the path, so my personal example is rather trivial compared with trusting others to “step up” within an organization. However, the principles are the same and the outcome is illustrative. Overall, having a balance between trust and control is essential for building organizational trust. [Figure 3.1 "The First Dimension of Organizational Capacity for Change: Trustworthy Leadership"](#) contains a graphical summary of the first dimension of organizational capacity for change.

Figure 3.1 *The First Dimension of Organizational Capacity for Change: Trustworthy Leadership*

