

Research Update: Trust and Leadership Must Go Hand-in-Hand

Trust and leadership are inextricably intertwined with trust providing a basis for respect and authority. Accordingly, research by Cecily Cooper, assistant professor of management and a Leadership Institute faculty member, focuses on how to build and maintain trusting relationships.

Eliciting the trust of followers is critical for leaders. To illustrate the tenuous but impactful nature of trust perceptions, Cooper cites the decision by U.S. auto industry executives to take private jets to fly to Washington, D.C. and ask for bailout money last November, an act which drew widespread criticism. This decision likely stemmed from a lack of judgment and (for many) resulted in a violation of trust. According to Cooper, Congress already saw these executives as either incompetent or corrupt, and their lavish travel arrangements furthered these concerns. Using the jets sent such a negative signal that, even those sympathetic to the automakers' cause, may have begun to question the executives' character. Notably, by the time this article was written, the government had forced the CEO of General Motors, Rick Wagoner, to resign.

When an individual trusts, he or she is exposing himself or herself to a state of vulnerability that, if violated, is very difficult to regain. However, says Cooper, not only are today's news headlines replete with examples of business leaders and politicians violating their stakeholders' trust, we frequently experience such acts in our own daily lives. Trust is damaged in different ways, but according to Cooper, most breaches either stem from a violation of competence or integrity. However, the example involving the auto industry executives demonstrates how intertwined these issues can be. Although the CEOs' actions may have resulted from poor decision making (i.e., a competence issue), the violation was viewed by many as signaling a lack of integrity. To the extent that it was, the problem for the Auto Executives was exacerbated, because, while both types of violations are damaging, integrity violations are even more problematic. For competence violations, people are more forgiving, because there is a tendency to believe that a lapse in competence can be overcome given the appropriate motivation. With integrity violations, the belief is that the act (e.g., embezzling funds, lying) is an indication of who the person really is – a character flaw – which is difficult, if not impossible, to alter.

But how is trust repaired once damaged? According to Cooper, transgressors can use many types of verbal and substantive responses in an attempt to mend the situation.

Apologies are frequently used to repair trust in practice. However, there are limitations to their effectiveness. Cooper's research has shown that apologies can be effective in the aftermath of competence violations, because the implied message of redemption, inherent in an apology, signals that the guilty party will correct the source of the wrongdoing (and lapses in competence can be overcome). That said, after integrity violations, apologies are typically ineffective in repairing trust. The omission of guilt, also an aspect of apology, is particularly problematic after integrity violations, since people tend to believe that character is relatively stable.

Other than apologies, another tactic that is often used in practice is reticence, not responding to the accusation or saying “no comment.” There are many legal, strategic, or personal reasons why this tactic is used and which even make it justifiable. But what are the implications of saying “no comment”? Cooper’s research shows that reticence is one of the riskiest responses of all. Unlike an apology, reticence offers no signal of remorse and, unlike a denial, reticence offers no disconfirmation of guilt. Reticence is typically used to encourage others to defer judgment. Yet, it actually stimulates judgment and without being given any information, people are likely to arrive at the worst possible conclusion – that the accused is guilty and unremorseful.

However, conventional thought dictates that, at times, any verbal response can be perceived as “cheap talk” with injured parties looking for more than “mere words” to make them whole. Accordingly, Cooper’s research has also considered trust repair tactics which are more “substantive” in nature. Substantive acts can include reparations, penance or monitoring systems. If a substantive act is executed appropriately, it can give stronger signals of repentance and show that the guilty party has gone the extra mile to change. Counterintuitive to what one might expect, however, substantive acts (which are often costly monetarily) are not always as effective as verbal tactics. If presented haphazardly, a costly token may be no more effective than a clear and heartfelt apology.

Continuing with this line of research, Cooper will be completing a project this summer that explores how groups differ from individuals in how they make trust-related judgments. This issue is of practical importance since trust judgments in organizations do not occur in a vacuum but are often generated collectively (e.g., for decisions such as hiring, resource distribution, or delegation of critical tasks). Cooper says initial results look promising: “This research will not only highlight biases in the trust-judgment process which are unique to social settings, but also pinpoint when these biases are most likely to occur. Interestingly, sometimes groups are more forgiving and other times they are more condemning- developing a ‘mob like’ mentality.”

Cooper would also like to acknowledge her collaborators, Kurt Dirks (Washington University), Peter Kim (University of Southern California), and Don Ferrin (Singapore Management University).