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# LEADERSHIP, TRUST AND COMMUNICATION: BUILDING TRUST IN COMPANIES THROUGH EFFECTIVE LEADERSHIP COMMUNICATION

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## *In collaboration with:*

**TOP BANANA.**



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# ABOUT THE AUTHORS

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Katalin Illes is a Principal Lecturer in Leadership and Development at the University of Westminster in London. Previously she held leadership positions in the UK and China, contributed to international collaborative partnership developments and worked as an adviser and consultant. Her research interests and publications include ethical leadership, trust, spirituality in leadership and innovative ways of developing leaders and organisations.

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# FOREWORD

*Nick Terry - Managing Director, Top Banana*



UK business is in the midst of a trust crisis. Was it caused by the European Union, the global finance community or those that monitor them? Or can we blame politicians and the expenses scandal (amongst others!) and the collection of high profile business leaders who have fallen from grace, whilst gaining big bonuses on the way down? Not to mention the ‘celebrities’ who have done the same or the most high profile of consumer brands overstating figures, although perhaps with less bonuses and more jail terms...

Whomever we blame, there is no doubt that the global property of ‘trust’ has been broken and every business organisation in the UK has been affected, whether we like it or not.

The presence of trust in an organisation has a considerable impact on the performance and financial health of that organisation. From better cooperation and more effective problem solving, to a positive work climate and employee engagement, to improved individual, group and company performance, the benefits of a trusting workplace are well researched. Another thing that is well documented is the key role of effective communication in driving trust.

The big opportunity for business leaders is to truly understand not only the issue of organisational trust and the role of communication within it, but to delve deeper and examine the specific role of leadership communication in building trust. That is what this report was commissioned to do.

By utilising existing research to investigate the connection between trust, leadership and communication in a way that has not been done before, this report presents a blueprint for leaders to understand trust and provides the necessary knowledge to help build or rebuild trusting relationships in organisations. It also introduces a suite of new leadership communication concepts which have the potential to drive a significant step change in how leadership communication is approached within organisations. Top Banana, in partnership with the Institute of Internal Communication, has then supported the academic and theoretical work by creating a suite of actionable recommendations businesses can start to put in place today. We have deliberately put these at the front so that it is clear to both leaders and communicators what they will get out of reading and understanding this report and to unashamedly make the case for why it is worth investing the time and energy it will require to absorb the pages to follow.

It’s been a pleasure to work with Katalin and Martin, such well established experts in this field, from the University of Westminster on this important report, which we urge every business leader and supporting internal communication professional to read, absorb and most importantly act on.

There is much more work to do in this area but we hope this report starts more conversations around trust and it’s pivotal role at the heart of UK business. There has never been a more important time to talk about trust.

# FOREWORD

*Steve Doswell - Chief Executive*



Trust is essential. Without it social groups cannot function properly. It's true on any scale, from individual families to the international community. And it's certainly true of businesses and all employer organisations. These rely on the trust of a whole range of stakeholders, and crucially this includes employees. In the organisational context, leaders have a hugely influential role to play in building, demonstrating and earning trust in the organisations they seek to lead (the verb is important here – they can only truly lead if employees trust them and trust the organisation itself). To a very large extent, the communication choices they make or are advised to make, can help build trust or erode it.

As is shown in the research you are about to read, communication is a vital component linking leadership and trust. The mutually dependent relationship between communication, leadership and trust is convincingly demonstrated on the pages that follow. This demonstration provides powerful arguments and a clear prescription for trust-building communication styles, methods and behaviour, both for the benefit of internal communication practitioners and for the organisational leaders they coach, guide and advise.

This research project brings to fruition a close collaboration between Westminster Business School, Top Banana and the Institute of Internal Communication. I encourage everyone interested in the dynamics of leadership and communication to read it carefully and I hope that what they learn will provide insight that they can use to build trust in their organisations.

# FOREWORD

*Dr Katalin Illes - Principal Lecturer in Leadership and Development,  
Westminster Business School, University of Westminster*



Continuously declining levels of trust in society indicate that we are not relating to each other in the right way. Humans are social creatures and both historic and current findings confirm that strong, supportive communities have higher survival rates, they prosper better and enjoy a more content and fulfilled human life. This is also true of business communities.

There are attempts to address some of the socio-economic, geopolitical and cultural-spiritual challenges of our time. The problem is that these efforts are not interconnected. In order to address these complex and deeply concerning issues simultaneously and make a greater impact, we need a fundamental change of perspective.

In order to change our perception we need to ask new questions and appreciate the interconnectedness of the different sides and aspects of the phenomenon we are studying. This can be particularly difficult when we are surrounded with taken for granted, unchallenged assumptions about our business and social environments. The Edelman Trust Barometer, 2015 clearly indicates that people are suspicious of change and innovation when they do not see the long-term benefits for all the stakeholders. This all comes back to trust.

We need to let go of the mindset of maximum “me” - maximum material consumption, and special-interest-group-driven decision-making that has led us into a state of organised irresponsibility, collectively creating results that nobody wants.

Leaders have a key role to play in changing their own perceptions and helping the change process of others. Leadership is about shaping and shifting how individuals and groups attend to and respond to situations. The trouble is that most leaders are unable to recognise, let alone change, the structural habits of attention they use and that is used in their organisations to drive key factors such as trust.

Learning to recognise our blind spots in any business culture requires a particular kind of deep personal and collective listening. To recognise the patterns we need to slow down, suspend judgment, listen with our whole being, be comfortable with the silence and wait patiently for the feelings and thoughts to emerge. The benefits of connecting mind, heart and the felt sense are well documented both in scientific and popular publications. Integrating such practices into the organisational culture increase not only the level of well-being but also the levels of trust, honesty and openness of communication.

There are examples and recommendations in this report that will help leaders to explore how to operate from the highest possible future, rather than being stuck in the patterns of past experiences. It requires a fresh perception, an open mind, readiness to learn and act from a deeply connected sense of reality.

The aim of Westminster Business School is to help to co-create a more sustainable and humane future and we are committed to working closely with leaders and management teams to assist the transformation of individual and organisational perspectives. To this end we share our research findings, accumulated knowledge and practical experience. It was a real pleasure working with Top Banana and the Institute of Internal Communication on this project. We hope you will enjoy reading this report and benefit from the thoughts and ideas in it.

# TRUST - SO WHAT?

## *What business leaders will get from this report*

Building and maintaining a culture of trust is one of the biggest challenges facing UK business today, whether your organisation knows it or not. This report distills the latest thinking on trust, introducing a number of thought provoking concepts that will change the way we lead in the future, in line with how organisations and the communities within them are evolving. The report highlights the central role of effective leadership communication in creating and repairing trust, starting with basic foundations such as listening and face to face communication and moving through to more complex ideas that have already started a paradigm shift in UK business culture and which provide guidelines to leaders wishing to develop new, trusting work environments to drive higher performance and a more ethical workplace. Reading this one report will give you a good understanding of the current and future thinking on trust, the role and responsibility of both yourself as a leader and the organisation that supports you in the challenge to build trust, as well as a suite of practical insights to start building trust in your organisations today.

## RECOMMENDATIONS

### *for business leaders*

1. Listen to the organisation and the people within it. Create ongoing opportunities for listening, using a variety of tools, and do it with an open heart
2. Articulate, illustrate and be evangelical about a clear set of values and behaviours supported by genuine management commitment and rigorous training and discipline
3. Trust is found at the heart of values, beliefs and organisational culture. Create a culture of transparency and support it with necessary processes
4. Make trust a corporate governance issue. Establish a formal system of measurement for trust. There's no universal way to do this so allocate resource, either internally or externally, to get it right for your organisation
5. Ensure you have a professional, competent, well resourced communication counsel and/or team to act as integrator, interpreter, translator, facilitator and challenger
6. Be seen! Trust is personal and face to face communication is key. Create rich communications and continuous opportunities, both formal and informal, to be seen and interact with employees
7. Love your line managers. They are a critical component to building trust in your organisation. Communicate with them in a bespoke way, get them together, work collaboratively with them and constantly check their trust levels, in both you as an individual and your management team
8. Be authentic i.e. be yourself and communicate openly, honestly and with an open heart. Never be afraid to apologise and put things right. Remember Aristotle - know who you are and the principles upon which that is based
9. Be clear on the changing and developing skills expectations of business leaders - are you anticipating change and are ready to lead from the future? Become more self aware as the organisation's prime communicators and get coaching where it would benefit you
10. Remember the phenomenology of leadership - it is never static but is a series of social moments. As a leader looking to build trust, you will also need to listen, be guided and follow.



# TRUST - SO WHAT?

## *What internal communication practitioners will get from this report*

The value of this report for IC practitioners rests on four things: firstly, it explains with academic rigour the unbreakable connection between leadership, communication and trust; secondly, it provides powerful arguments to back up much of what you already know and make the case for trust-building communication styles, methods and behaviours; thirdly, it reinforces your standing as a trusted advisor to your leadership team – what you know and what you recommend is supported by strong, clear and incontrovertible evidence and finally, it provides a suite of practical insights to start supporting your company's leadership on building trust in your organisations today.

## RECOMMENDATIONS

### *for Internal Communication practitioners*

1. Read this report. Know what it says and make the time to understand it in depth so that you can present the key arguments to your own leadership and communication teams
2. Use the keys, the pillars of trust and all the other concepts found in the report but explain them in a way that will strike the right chords with the people in your business
3. Understand what current trust levels are in your organisation. Become a champion for establishing a formal system of trust measurement
4. Learn and understand what creates and destroys trust in your organisation. Promote those communication tools and practices that build trust. Challenge those that don't
5. Put listening and developing the means for employees' voices to be heard at the centre of your work. Communication is about community and that's exactly what an effective workplace is
6. Open your organisation's eyes to the factors that build trust, as identified in the report, and it's leaders will then look to you to build the tools, channels, practices and behaviours that suit your organisation to apply them
7. Focus on creating continuous opportunities for your business leaders to be seen - both formally (e.g. roadshows and events) and informally (e.g. walking the floors). Help them with the right behaviours when they are
8. Love your line managers. Communicate with them in a bespoke way, get them together, work collaboratively with them. They are a critical component to building wider organisational trust
9. Become a trusted advisor to your business leaders and managers – you need their trust so that you can convince them that they need to earn employees' trust. The knowledge of this report will help you do this
10. Don't go looking for a magic formula! Much of what the report says will be familiar to you - see it as fresh ammunition. This report explains with academic rigour the unbreakable connection between leadership, communication and trust. It provides you with powerful arguments to back up what you already know. It reinforces your standing with your leadership team because what you know and what you recommend is supported by strong, clear and incontrovertible evidence. Use it with confidence and win the case for effective internal communication to build a trusting and trusted workplace.



# EXECUTIVE SUMMARY

*The purpose of this report is to establish a tighter connection between internal communication, leadership and trust in organisations. We make recommendations for leaders and communication specialists to review the current level of trust, communications styles and leadership practices, and when appropriate, introduce more future oriented and responsible approaches to increase impact and improve relationships in the workplace.*

We conducted a comprehensive overview of the EBSCO Host; Web of Science; ABI ProQuest; ScienceDirect and Emerald Host databases and reviewed the recent relevant publications in the Leadership, Trust and Communication literature. We also consulted surveys from CIPD, Edelman Trust Barometer and the Institute of Leadership and Management focusing primarily on UK organisations. The findings were analysed, key themes were identified and written up into a report to assist leaders and communication specialists.

Trusting is a key component of human life. It emerges in response to consistent action and behaviour demonstrating good intent. We need and use trust in different forms in all areas of life. We need to trust ourselves and others to make choices that will have an impact on our lives and on the lives of others today and in the future. There are ample examples of trust as a scarce resource and it is often noticed and defined by its absence. We easily pick up signals of suspicion and are acutely aware of the contractual limitations of trust in organisations. Without trust the workplace is a group of individuals who focus on personal survival rather than creation and contribution. Research in the field of knowledge management and knowledge creation conclude that trust is a prerequisite to creativity in an organisational context. If we are to make the fullest use of the knowledge locked in our minds we need to trust and be trusted. We need to feel protected and cared for so that we can focus our energies on creation rather than survival<sup>1</sup>

If an organisation expects its people to be fully productive through hard work and commitment, it will ultimately have to convey a message of protection, security and demonstrate good will.<sup>2</sup> Communication professionals need to play a major role in developing and sustaining two way communication channels in organisations. They have to be able to work effectively with leaders and managers, help to disseminate key messages effectively and educate people of the details and benefits of new organisational initiatives. Good communication specialists are also able to assist leaders in strategy development and advise on

the most appropriate forms of internal and external communication methods to support trust building and a sense of shared purpose across the organisation.<sup>3</sup>

Leaders need to let go of obsolete ideas about leadership and extend their awareness from the boundaries of their own organisation (ego-system) to the extended global enterprise (eco-system).<sup>4</sup> All great leadership starts with listening. That means listening with an open mind, heart and will. It means listening to what is being said as well as what isn't being said. It means listening to the latent needs and aspirations of all people.<sup>5</sup> "Leadership in this century means shifting the structure of collective attention -our listening - at all levels."<sup>6</sup>

In the report we introduce the concepts of the "Leadership Moment" and "Theory U: Leading from the Future as it emerges". Both concepts are rooted in process philosophy that argues that everything is continuously changing. Leadership is not static, it is continuously emerging and changing depending on the input of leaders, followers, the purpose and the influence of the environment. Leaders need to embrace the "Leadership Moment"<sup>7</sup> and rather than making decisions based on historic information only they need to learn to "lead from the future as it emerges". Leaders who intend to maximize the future potential of their organisations will explore the idea of collective leadership in their own environment. Communication specialists will be ideally placed to be both educators and champions of the change process.

There are many reasons for leaders to strive to create a trusting work environment made up of trusting relationships. These include: better cooperation, more effective problem solving, a positive work climate, higher employee engagement, higher job satisfaction and lower levels of turnover. There is a direct correlation between levels of internal trust and levels of trust with external stakeholders. In this report we have developed the following key ideas to help managers, leaders and communication experts to create more trusting organisations.

# EXECUTIVE SUMMARY

## *Start with listening*

If effective leadership is a matter of effective communication and leaders wish to create trusting organisations, then effective listening is the first step. Effective listening shows that the leader is benevolent and has their employees' interests at heart. People generally consider face to face communication to be more reliable than written communication because it is 'information rich', i.e. we pick up clues as to honesty and openness more easily. Honesty and openness are two key drivers of trust. We cannot therefore underestimate the importance of 'management by walking around' because trust is best built up by frequent face to face interactions. Employees are less interested in formal 'stuffy' e-mails and memorandums than the opportunity to create relationships with their leaders.

## *Leadership in the 21st Century*

It is time to rethink our conceptions of leadership. We have moved on from the 'great man' theory of an all-powerful, omniscient infallible leader. Leadership is better conceived as a collective process encompassing both leaders and followers. The 'right' answers do not necessarily come from the person at the top, but rather from the interactions between the leader,

the followers, the purpose and the context. At the heart of this interaction are trusting relationships where the participants communicate openly and honestly in a setting of mutual respect. 'Theory U' is a recent development in leadership studies which provides guidelines to leaders wishing to develop new, trusting work environments which will lead to higher performance and a more ethical workplace.

## *Repairing trust*

We detail a number of leadership behaviours which destroy trust such as broken promises (lack of integrity and predictability), actions not matching words (integrity again), disregarding feelings and emotions (lack of benevolence or goodwill towards others) and lack of openness and honesty (key factors to building trust). We then discuss the role that explanations and apologies play in repairing trust. Being open, forthright and honest, treating your audience as adults (not hiding the truth or sugar coating the message) demonstrates respect and benevolence in your audience allowing them to better evaluate the sincerity of the message and trustworthiness of the leader. In all communication leaders must demonstrate their ability, benevolence, and integrity as these factors are considered the four 'pillars of trust'.

## THE FOUR PILLARS OF TRUST <sup>8</sup>



## *Creating a trusting company*

Creating strong relationships is not enough because trust and trustworthiness are also dependent on the organisational context. Central to this idea is the perception the employees have of the fairness of their firm. Does the organisation display benevolence and concern towards its employees (training schemes, efficient and fair performance management systems)? Does the firm have fair and just procedures in place for promotion and bonuses that enable employees to understand decisions?

## *Line managers are the key*

Line managers are the most trusted members of a company, possibly because of the close, frequent day to day contacts their position entails. Paradoxically, recent surveys have shown that line managers trust their own companies less than all other categories of managers. They represent a vital cog in the efforts to communicate and create a trusting environment.

# INTRODUCTION

*The purpose of this report is to investigate current ideas on trust, leadership and communication in order to provide clear guidelines to help companies better understand how to build (or rebuild trust) through communication and also rethinking leadership in modern organisations.*

The old way of leading by command, control and charisma through superior knowledge and personality is still present in many organisations but it does not fit a fast changing 21st century. Increasingly better educated followers know faster than leaders what is happening and often what needs to be done.<sup>9</sup> In many cases employees know more than leaders. It is no longer a good idea to think that leadership is mainly 'done' by the few to the many. The mainstream leadership model of business and public organisations needs to be renewed to reflect more values based relationships and transparent behaviour. Leaders must listen to the needs of their stakeholders, and communicate their long-term commitment and responsible intent to re-establish trust.<sup>10</sup>

Trust has suffered a serious decline since the 2008 global financial crisis. The 2014 Edelman Trust Barometer shows the largest ever gap between trust in business and government since the study began in 2001. Trust in a CEO is at 43% while in an academic is 67% and a "person like yourself" is 62%. Only one in four general public respondents trust business leaders to correct issues and even fewer –one in five- to tell the truth and make ethical and moral decisions. Government leaders scored even lower across the board.<sup>11</sup> The 2015 Edelman Trust Barometer indicates that people distrust change for change's sake. "By a two-to-one margin, respondents in all nations feel the new developments in business are going too fast and there is not adequate testing. Even worse, 54 percent say business growth or greed/ money are the real impetuses behind innovation – that's two times more than those who say business innovates because of a desire to make the world a better place or improve people's lives."<sup>12</sup>

## ***Recent research has highlighted 7 leadership behaviours for building trust;***<sup>13</sup>

- Behavioural consistency increases predictability
- Behavioural integrity underlines the coherence between words and actions
- Sharing and delegating increases engagement through participatory decision making
- Open, honest communication provides information about motivations and decisions

- Demonstrating concern and taking others' interest into account
- Communicating a shared vision increases cohesiveness
- Explaining shared values provides moral leadership and provides guidelines for action

Higher levels of trust lead to higher individual, business unit and company performance. The benefits of building (or rebuilding), trust inside a company and trusting co-workers and management are multiple and well researched.<sup>14</sup> Interestingly there is a close link between internal levels of trust between employees and external trust. Sectors with low levels of internal trust scored poorly for levels of external trust, underlining the necessity for managers to build trusting relationships with a wide range of stakeholders.

## ***The benefits of high trusting environments in companies also include;***

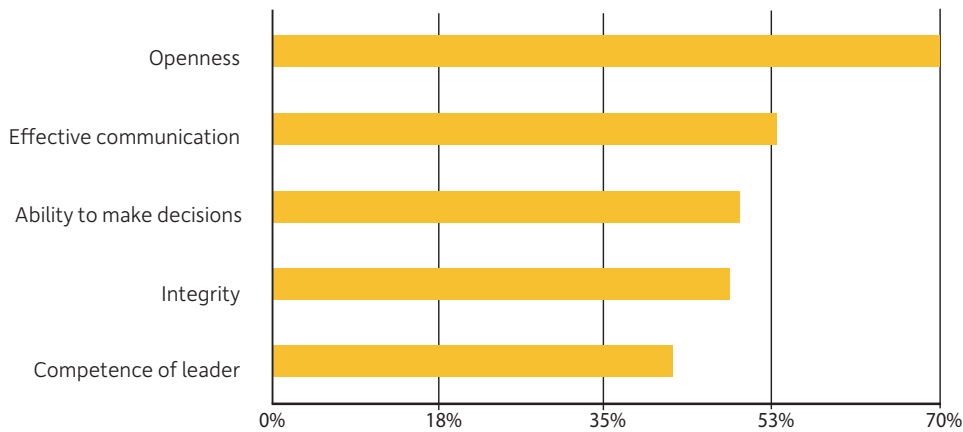
- Better cooperation
- More effective problem solving
- A positive work climate
- Higher employee engagement
- Higher job satisfaction
- Lower levels of turnover

According to the 2011 Workplace Employment Relations Study<sup>15</sup> employees who feel committed to their organisation carry out more tasks than required of them. 79% of employees who share the values of their organisation use their initiative to do more than just their required task; 91% of those who were satisfied with their involvement in decision making felt loyal to their organisation; and 87% of those satisfied with their involvement in decision-making felt proud to work for their organisation. In spite of the strong evidence for the positive impact of employee engagement and empowerment on loyalty and trust, a recent study<sup>16</sup> of first line managers confirms close supervision (a clear sign of mistrust) and that devolution of responsibility to teams and individuals remains rare.

# INTRODUCTION

**Figure 1: 5 drivers of trust (% respondents)**

Source: Institute of Leadership and Management, The Truth about Trust, September 2014



Openness is the single most important driver of trust. It corresponds to followers' desire to understand leaders' motivations and reasons for their actions. It also represents an increasing desire for honest relations with senior management. Effective communication is closely related to openness and honesty. It corresponds to employees' need for clarity. Leaders must communicate common values, clear expectations and feedback on performance. They must back up the 'talk' with the 'walk' which is why integrity – joining actions to words – is also highly valued.

It is difficult, although not impossible to rebuild broken trust over time. For this to happen, leaders need to listen to the needs of the employees, take the right actions and communicate the right messages consistently over a long period of time. Restoring and enhancing trust goes beyond simply being a good communicator. It means rebuilding relationships and creating conditions to support the positive expectations of employees. It requires transparency, honesty and commitment from the leaders. They need to communicate their intentions and capabilities clearly and consistently.<sup>17</sup>

Internal communications affect the trust that employees feel towards their senior management. One element of communication that leaders must take into account is its 'richness'. By richness we mean communication which contains high quality information; generally face

to face communication. Face to face communication is considered more reliable than written communication and contributes to increased satisfaction and loyalty.<sup>18</sup> Face to face communication seems to allow employees to rapidly evaluate the openness and honesty of managers and thus allow them to trust.

Employees are less interested in formal 'stuffy' communications (e-mails or memos) than seeking informal opportunities to build relationships with their senior managers. There is a mismatch between the ease of electronic communication, seen by managers to be just one form of communication, and their employees' desire to talk and exchange.

Recent research has highlighted<sup>19</sup> that employees dislike the overuse of electronic communications (Twitter, blogging etc.) and corporate communication departments 'spinning'. While these techniques and technologies allow leaders to communicate more frequently and easily, they are interpreted as being less immediate and remote. Many managers cited by the CIPD study (2014, p12) emphasised the need to 'go and meet' their teams. Employees want to see their leaders in person and in action. This enables them to interact with them personally. To create trust, it is important for leaders to be seen in person and frequently.

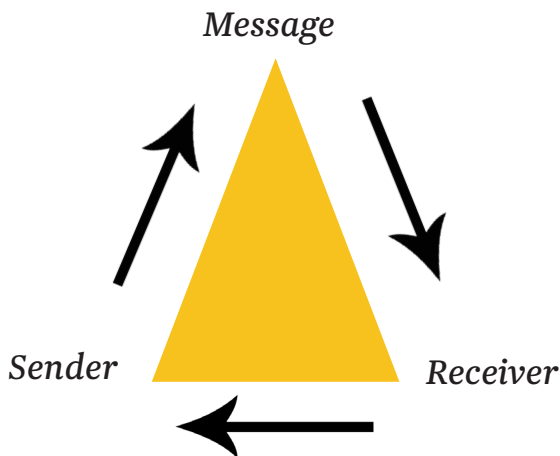
# LISTENING IS KEY TO GOOD COMMUNICATION

*It is a widely held belief that “Effective leadership is still largely a matter of communication”.<sup>20</sup> Working closely with organisational leaders, communication specialists can demonstrate that effective leaders are also good listeners who genuinely care about the views of people on all levels.*

“Through effective communication, leaders lead. Good communication skills enable, foster, and create the understanding and trust necessary to encourage others to follow a leader... Without effective communication, a manager is not an effective leader.”<sup>21</sup> There are many similar statements, however, we hear much less about the importance of listening skills. We believe that deeply listening to the messages that come from across the organisation provide key information to leaders about the emerging needs and concerns of employees that leaders have to communicate about in a timely and sensitive fashion to nurture trust.

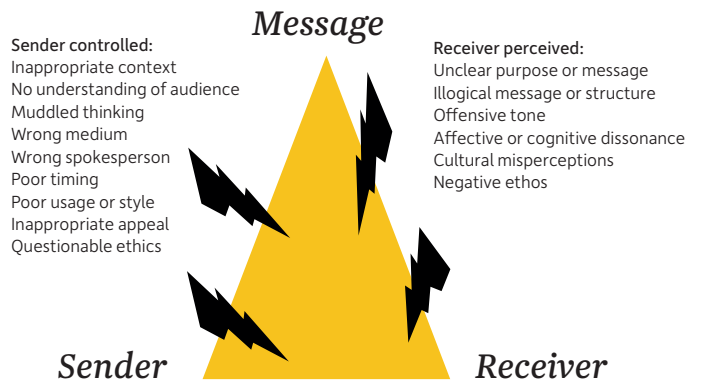
Some organisations have embraced the concept of “communicative leadership”. This term refers to leaders who “engage others in communication” and listen as well as share their views in the process. “Leadership occurs through the process of interaction and communication”<sup>22</sup>

## Context



Communication is a transmission of meaning from one person to another or to many people. It happens either verbally or non-verbally. When it works well it is a simple process. In reality communication is more likely to resemble the second diagram where the message is lost or distorted in the noise of the organisation.

## Context



Sometimes the fault is on the sender’s side. Typical mistakes include inappropriate context, not understanding the audience, lack of clarity, choosing the wrong medium of communication, choosing the wrong spokesperson, bad timing, inappropriate style or body language; questionable ethics.

On the receiver’s side the problem could be caused by unclear purpose or message; offensive tone; affective or cognitive dissonance; cultural misperception or negative ethos.

According to Barrett,<sup>23</sup> leadership communication happens at core, managerial and corporate levels. Good communication at all levels requires emotional intelligence or interpersonal skills and an understanding of cross-cultural differences. Leaders need to be able to interact effectively with others as individuals or groups. Listening is an essential skill in all situations and it is particularly important for leaders and managers to actually hear what others say, not simply what we think we hear them say.

# LISTENING IS KEY TO GOOD COMMUNICATION

Communication becomes even more complex when we need to consider how to communicate to all internal and external stakeholders. As audiences become more diverse and larger, it is vital to communicate with open mind, open heart and open will. Leaders are the company's face and voice to the public and they need to work closely with communication specialists to avoid blind spots. It is crucial that they communicate honestly and authentically showing the human passion behind the leadership role and expressing a positive ethos inside and outside an organisation.

Communication specialists continuously need to reflect on the nature of leadership and levels of trust in the organisation. This way they can become champions of development. They are well positioned to educate and motivate others about the benefits of an improved organisational culture based on trust, shared leadership and co-creation.

They need to live with and consistently demonstrate open minds, hearts and wills and encourage the whole organisation to explore new ways of learning, leading, following, communicating and relating to each other and the world at large. Leaders have a major role to play in addressing the blind spots in organisations and leading the change by learning to lead from the future as it emerges.

## *Communication, Trust, Distance and Values*

Internal communications affect the trust that employees feel towards their senior management. One element of communication that leaders must take into account is its 'richness'. By richness we mean communication which contains high quality information; generally face to face communication. Face to face communication is considered more reliable than written communication and contributes to increased satisfaction and loyalty.<sup>24</sup> Face to face communication seems to allow employees to rapidly evaluate the openness and honesty of managers and thus allow them to trust.

It is important to remember that when it comes to formal, written communication such as emails or memos less is more. Employees get tired of lengthy announcements full of 'nice words'.

They prefer to share ideas and have short face to face conversations with managers about current issues and future developments.

A vital part of a manager's role is to be visible and available for both formal and informal conversations. Trust is not abstract. It is highly personal. It defines the quality of our relationship with others and is best built through personal interactions.

Apart from a lack of proximity and interaction, another type of distance has to be overcome in order to build trust: that of differences in values. Value congruence leads to higher levels of trust.

Congruence may come from sharing similar backgrounds which helps people share an understanding of 'what the company is about'. We tend to trust people who are similar to us. It can also derive from a type of leadership that the follower values.<sup>25</sup>



# LEADERSHIP MYTHS

*The primary leadership challenge today is the fact that our economic reality is shaped by globally interdependent eco-systems, while institutional leaders, by and large, operate with an organisational ego-system awareness. Most leadership issues can be boiled down to this one primary contradiction: economic reality works as a global eco-system, and individuals and institutional leaders focused according to their institutional ego-system awareness. They consider the concerns of others to be externalities.*

We can observe the following leadership myths:

- ***The leader is the guy at the top.***

The challenges that organisations face today cannot be solved with this obsolete mindset. To find appropriate solutions more people in the organisation need to be involved.

***‘There are other things that people do better. So it’s recognizing those sorts of things and making sure we’re all contributing’<sup>26</sup>***

- ***Leadership is about individuals.***

Leadership is a distributed or collective capacity in the system not just something that individuals do. Leadership is about the capacity of the whole system to sense and actualise the future that wants to emerge.

- ***Leadership is about creating and communicating a vision.***

The problem with this myth is that it focuses primarily on broadcasting a message rather than on something much more important: listening. The world is full of grandiose leadership visions that were beautifully communicated before they crashed and burned. Think Enron, Lehman Brothers, GM, AIG and Goldman Sachs. These visions were totally out of touch with reality.

All great leadership starts with listening. That means listening with an open mind, heart and will. It means listening to what is being said as well as what isn’t being said. It means listening to the latent needs and aspirations of all people.<sup>27</sup> “Leadership in this century means shifting the structure of collective attention -our listening- at all levels.”<sup>28</sup> Listening is a major component of trust building and strengthening relationships among people as by listening to employees managers show their benevolence and goodwill towards them.

***‘I let them talk around their issues, ask them how they feel about that’<sup>29</sup>***

“The ultimate question is not “What is the definition of leadership?” but ‘What is good leadership?’ The use of the word good has two senses, morally good and technically good or effective.<sup>30</sup>” By changing the question from “What is leadership?” to “What kind of phenomenon is leadership?” we are shifting our attention to the process of leading.

“...the leader/follower relationship is fluid - sometimes leaders are followers and sometimes followers are leaders. We all play both roles. Good followers have many of the same qualities as good leaders. ...the ethics of leadership is not about higher or lower standards, but about the distinctive moral challenges that come from the role of leaders and their relationship to followers”<sup>31</sup>

Leadership is a collective process, encompassing both as ‘leaders’ and ‘followers’. These are not static labels and leaders can act as followers and followers can act as leaders in certain circumstances.<sup>32</sup> “Leadership practice takes shape in the interaction of people and their situation, rather than from the actions of an individual leader.”<sup>33</sup>

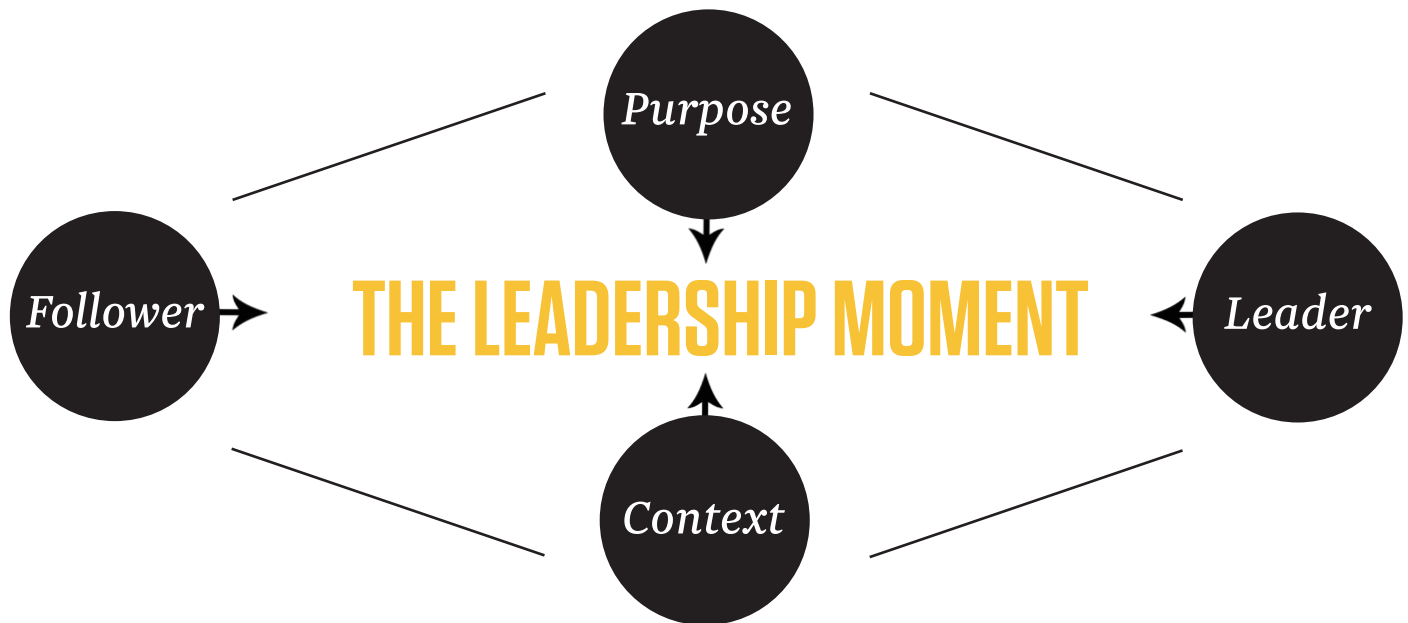
When we stop thinking about “leadership as a position” and embrace its continuously emerging nature then we change a new, more engaging work environment where the “right answers” do not have to come from the boss all the time, when creative ideas can be presented by all members. This opens up possibilities and creates more transparent work environments based on trust and shared purpose.

Listening is the first step towards creating trusting relations inside the company. A relational leader has a mindset of continuously creating, building and fostering close relationships which are the pillar of a trusting environment. A relational leader can be opposed to a transactional leader in that they always define themselves in terms of their interdependence with others.



# THE LEADERSHIP MOMENT

*One of the most exciting current developments in leadership research is the idea of “Leadership Moment”. The idea of the ‘leadership moment’ builds on the idea of the importance of creating close relationships with staff in order to build trust.*



*Based on Donna Ladkin (2010) Rethinking leadership p.28.*

This concept is rooted in a philosophical approach called phenomenology, a process view of reality. Phenomenologists argue that everything is constantly changing and anything we perceive is entirely linked with our viewpoint as perceivers. When we hear the word “trust”, “leadership”, “freedom” or “love” we all perceive these slightly or considerably differently depending on our past experiences and outlook on life. It is important to remember that a phenomenological moment is not a time related concept. ‘Moment’ in this sense means that the phenomenon is totally dependent on other things for expression in the world. Leadership is such a phenomenon. Leadership will manifest itself differently in different contexts and our experience of it will be dependent on the mobilizing energy of the purpose, the leader, the followers and the context. Understood as a moment of social relations, leadership’s complete identity will necessarily always remain elusive<sup>34</sup>

To practice the Leadership Moment and allow the future to emerge organically requires accomplished leaders who are not afraid to let go of their formal position power. These leaders have high level of accomplishment and will combine technical knowledge (know how), understanding (know why) and they also have practical

wisdom, a ‘reasoned and true state of capacity to act with regard to human goods’.<sup>35</sup>

Aristotle identified three types of persuasive appeals: logos, pathos and ethos. Logos is an appeal based on the logic of the argument. Pathos is an appeal based on the use of emotions. Ethos is an appeal based on the perceived character of the sender of the message. Is the person trustworthy, confident, believable, knowledgeable and a man or woman of integrity? If the audience does not trust or believe the speaker or writer, logic or emotion will have little persuasive force. For Aristotle, ethos is the most important persuasive device. The “character of the speaker may almost be called the most effective means of persuasion he possesses.”<sup>36</sup>

The word ‘image’ is often associated with illusion or superficiality. Ethos refers to qualities of greater depth and substance. It embodies ‘image’, as the audience makes an initial, superficial judgement about the leader, but ethos ties more directly to character, which an audience evaluates according to the culture in which they are communicating.

# THE LEADERSHIP MOMENT

“Charisma” is also a term used to describe someone who has the ability to persuade others. It resembles ethos, however it suggests exuding power over others based more in emotions rather than reason. Ethos is a better word to use because it captures the positive qualities that we want business leaders to possess. Projecting a positive ethos better defines the goal in mastering leadership communication.

Ideally, a positive ethos would exemplify a strong inner character and high ethical standards. Unfortunately the projected image may not be the reality of the person. Ethos and ethics are not always aligned. Someone can project a positive ethos and appear honest and trustworthy, yet there is little or no ethical foundation behind the projection. Someone skilled in deception can fool others. The absence of honesty and integrity is not always apparent to an audience.

Since effective leadership communication depends heavily on the ethos projected, leaders need to be sensitive to the ethical foundation below the surface.

“...if people are going to follow someone willingly, whether it be into battle or into the boardroom, they first want to assure themselves that the person is worthy of their trust. They want to know that the would-be leader is truthful and ethical.”<sup>37</sup>

Today businesses are looking for ethical leaders. So leaders might want to ask themselves: “Does my ethos suggest the characteristic of an ethical leader, that is, ‘fairness, mutual well-being, and harmony?’”<sup>38</sup> A positive ethos suggests a good character and as Aristotle says “We believe good men [and women] more fully and more readily than others”<sup>39</sup>

Leadership communication depends on understanding what moves the audience to listen and what moves them to act. This understanding requires emotional intelligence, self-awareness and an increased awareness of the hopes, needs and aspirations of others. When a leader communicates his/her ideas with personal passion, commitment, openness and honesty an atmosphere of inclusivity (“we are in it together”) is created. This atmosphere energises and connects people and creates a trusting “can do” attitude across the organisation.

# THEORY U: LEADING FROM THE FUTURE AS IT EMERGES

*The second, radically new approach to leadership comes from the Massachusetts Institute of Technology (MIT). Otto Scharmer's Theory U: Leading from the Future as it Emerges shows how groups and organisations can develop seven leadership capabilities in order to create a trusting future that would not otherwise be possible. This model anticipates a reasonable level of trust, good intention and openness to explore new organisational futures.*

Scharmer argues that we need a new, collective leadership capacity to meet our challenges in a more conscious, intentional and strategic way. The development of such a capacity would allow us to create a future of greater possibilities through leaders listening properly, understanding and involving their employees and as a result building more trusting environments.

## *illuminating the Blind Spot*

Our attempts to deal with the challenges often fail because we are blind to the deeper dimensions of leadership and transformational change. This “blind spot” exists not only in our collective leadership but also in our everyday social interactions. We are blind to the source dimension from which effective leadership and social action come into being. We know a great deal about what leaders do and how they do it. But we know very little about the inner place, the source from which they operate. It is this source that “Theory U” attempts to explore.

Leadership is about shaping and shifting how individuals and groups attend to and respond to situations. The trouble is that most leaders are unable to recognise, let alone change, the structural habits of attention used in their organisations. Learning to recognise the habits of attention in any particular business culture requires a particular kind of listening. To recognise these patterns we need to slow down.

## *Listening 1 Downloading*

“Yes, I know that already.” It is listening by habitual judgment. When you are in a situation where everything that happens confirms what you already know, you are listening by downloading.

## *Listening 2 Factual*

“Oh, look at that!” This type of listening is factual or object-focused: listening by paying attention to facts and to novel or disconfirming data. You focus on what differs from what you already know.

## *Listening 3 Empathic*

“Oh yes, I know exactly how you feel.” This deeper level of listening is empathetic listening. To really feel how another feels we have to have an open heart. Only an open heart gives us the capacity to connect directly with another person from within.

## *Listening 4 Generative*

“I can't express what I experience in words. My whole being has slowed down. I feel more quiet and present and more my real self. I am connected to something larger than myself.” This is called “generative listening”, or listening from the emerging field of future possibility. This level of listening requires us to access not only our open heart, but also our open will—our capacity to connect to the highest future possibility that can emerge.

Deep states of attention and awareness are well known by top athletes in sports. They explain the experience as “playing in the zone” or being in the state of “flow.” Top athletes and champion teams are working with refined techniques to achieve peak performance. Unfortunately business leaders operate largely without these techniques – or indeed without any awareness that such techniques exist.

# THEORY U: LEADING FROM THE FUTURE AS IT EMERGES

## *The U: One Process, Five Movements*

When leaders develop the capacity to come near to that source, learn to listen with their whole being, they experience the future as if it were “wanting to be born” - an experience called “presencing”.

### **1 - Co-initiating:**

Build common intent. Stop and listen to others and what life calls you to do. What is it that we are trying to create collectively? What are the feelings and emerging ideas?

### **2 - Co-sensing:**

Observe, observe, observe. Go to the places of most potential and listen with your mind and heart wide open. Suspend judgment. Resist the temptation of applying your habitual thought patterns.

### **3 - Presencing:**

Connect to the source of inspiration, and common will. Go to the place of silence and allow the inner knowing to emerge. (We drop the non-essential aspects of the self [“letting go”] and open ourselves to new aspects of our highest possible future self [“letting come”].) Learning to be comfortable and patient with silence is crucial here. You cannot force creative ideas. These will emerge when they are ready to emerge.

### **4 - Co-creating:**

Prototype the new in living examples to explore the future by doing. What would the new idea or product be like?

### **5 - Co-evolving:**

Embody the new Ecosystem that facilitate being and acting from the whole. Going through this process in a team creates a sense of connectedness within the organisation and beyond.

We move down one side of the U (connecting us to the world outside our institution) to the bottom of the U (connecting us to the world emerges from within) and up on the other side of the U (bringing forth the new into the world).

## *Seven Essential Leadership Capabilities*

The journey through the U develops seven essential leadership capabilities:

### **1 - Holding the space of listening:**

The foundational capacity is listening to others and listening to oneself. Also listening to what is emerging from the collective. Effective listening requires the creation of open space in which others can contribute to the whole.

### **2 - Observing:**

The capacity to suspend the “voice of judgment” is key to moving from projection to true observation. Remember that your idea is not always the best idea.

### **3 - Sensing:**

The preparation at the bottom of the U -presencing- requires the tuning of three instruments: the open mind, the open heart, and the open will. This opening process is not passive but an active “sensing” together as a group. While an open heart allows us to see a situation from the whole, the open will enables us to begin to act from the emerging whole.

### **4 - Presencing:**

The capacity to connect to the deepest source of self and will allows the future to emerge from the whole rather than from a smaller part or special interest group. Remember that the innovative or creative idea can emerge from anyone in the organisation.

### **5 - Crystallising:**

When a small group of persons commits itself to the purpose and outcomes of a project, the power of their intention creates an energy field that attracts people, opportunities, and resources that make things happen. This core group functions as a vehicle for the whole to manifest.

### **6 - Prototyping:**

Moving up the right side of the U requires the integration of thinking, feeling and will in the context of practical application and learning by doing.

### **7 - Performing:**

Convene the right set of players to allow a multi-stakeholder gathering shift from debating to co-creating the new.

# REPAIRING TRUST

*There will be times where leaders must repair trust...after layoffs, poor results or responding to the aftermath of a crisis...or quite simply after periods of poor leadership.*

Before looking at how to rebuild trust, a quick look at how a leader may destroy trust. Research by William Fraser<sup>40</sup> found the following common causes of trust destruction in companies (by leaders);

- 1** - Disrespectful behaviours: blaming people, disregarding feelings, ignoring inputs
- 2** - Communication problems: not listening to others, not trying to understand the other's point of view
- 3** - Unmet expectations: broken promises, breaches in the psychological contract
- 4** - Ineffective leadership: poor decisions, favouritism, punishing those who challenge authority
- 5** - Incompetence: making mistakes, general incompetence, not taking responsibility
- 6** - Incongruence: not aligned with core values, not honouring core values, actions not matching words.

In terms of communication, research<sup>41</sup> suggests the following elements as being possible avenues to trust reparation and creation;

## ***Explanations and accounts***

After a trust breach the adequacy of the explanation was found to be central to regaining trust. The characteristics of the explainer and the explanation impacted on whether the deceived was willing to trust again. Explaining, for example, that an error was due to incompetence rather than malfeasance may be easier to accept. Taking responsibility for mistakes contributes to trust reparation.

## ***Apologies***

Many would consider that 'talk is cheap' and refrain from apologies, particularly if admission of wrongdoing could lead to legal liability and damages. Apologising and showing humility is a way a demonstrating concern for

the other and taking personal responsibility. Goldman Sach's CEO, Lloyd Blankfein apologised in 2009 for his bank's involvement in the GFC and set aside \$500 million to help small business in the recession.<sup>42</sup> Research suggests that any apology was better than no apology, and perception of sincerity was important in their acceptance or not. Apologising as soon as possible after the broken promise was important, as is the necessity to accept responsibility rather than trying to blame an outside element. Finally, apologies were more effective when both parties had already built up a trusting relationship.

When rebuilding trust leaders must communicate three essential dimensions; ability, benevolence and integrity<sup>43</sup> because employees will evaluate the trustworthiness of their leader(s) according to their perceptions these three dimensions.

## ***Ability***

***'People gauge trustworthiness on the basis of that person's leadership actions and practice'<sup>44</sup>***

Trust is domain specific. You may trust a friend to save your life if you fell in the canal because they are a good swimmer, but you may not trust them to cut your hair. It follows that leaders should possess the technical skills and knowledge necessary to accomplish their tasks but also the openness and honesty to admit to not knowing everything. Ability in a leader also includes their perceived understanding of the environment, business sense and judgement.

## ***Benevolence***

'I tend to take an interest in people. I ask them how they're going and what they are doing.'  
'I let them talk around their issues, ask them how they feel about that ...you know where they could go to get help'<sup>45</sup>

# REPAIRING TRUST

This is the perception of a positive orientation or goodwill towards the trustor (the employee in our case). The employee wants to feel that the boss is on 'their side' will not harm them and will harbour positive intentions towards them. This desire is linked to the employees' vulnerability towards the leader. The leader should demonstrate a genuine concern for others. This includes ensuring that company policies are not only fair and equitable (distributive justice) but are also applied fairly (procedural justice).

## *Integrity and Predictability*

*'If you say you're going to do something, do it. I've worked for plenty of people that have said "Oh yes we'll do this" and nothing ever happens'<sup>46</sup>*

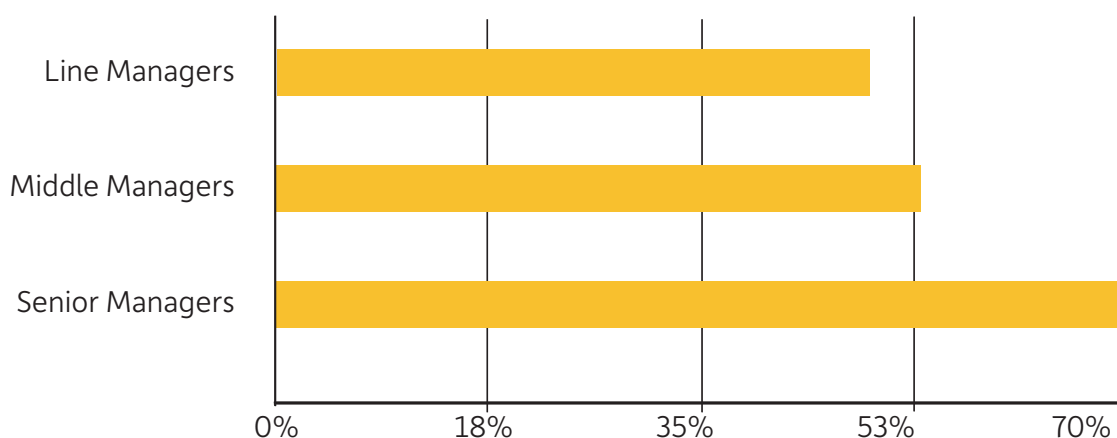
Integrity involves the trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable. Following (and communicating clearly) a set of principles defines personal integrity. Questions such as the consistency of the leader's past actions, their credible communications, and belief that the leader has a strong sense of justice, all contribute to the sense of the employee perceiving the leader as having integrity. Integrity can be simplified in communication terms as 'doing what you say you do'. Leaders should communicate values that drive them so that others can see consistency rather than randomness.



# THE KEY ROLE OF LINE MANAGERS

Employees trust line and middle managers more than other management levels. Yet paradoxically, line managers are among the least trusting members of the firm (9% said they trust few or absolutely no-one).<sup>47</sup> It is vital therefore that leaders develop close relationships with their line managers as they assume a key day to day role in managing teams and are in close contact with customers. Line managers or supervisors are more likely to be trusted by employees,<sup>48</sup> possibly because the frequent face to face contacts allows each party to evaluate the others trustworthiness. It is also possible

that line managers resemble their employees and co-workers (we tend to trust those who are similar to us) and also because there is a smaller power distance between these two hierarchical levels when compared to employees and senior management. Because trust is transitive (if A trusts B and B trusts C, then A will trust C), these close trusting relationships have a positive knock on effect through the organisation. It is important then for senior managers to create trusting relationships with these line managers in order to increase trust in the organisation.



Part of the challenge in building trust for a leader is the impossibility of meeting all employees every day and interacting on a face to face basis which is frequently the best way to inspire trust. Leaders can create trust ripples through the company. Building on previous remarks, it is important for leaders to demonstrate concern, respect and fairness in their actions and communications. Leaders should communicate openly, honestly and frequently. They must communicate their passion for their job and their firm, but also communicate their expertise, authenticity and integrity.

## *Building trust in your immediate circle*

Trust is a two way street. We trust those who trust us. As such leaders can develop trust in their teams (and demonstrate to other managers how to do this) by making themselves vulnerable to others by being honest, sharing ideals etc., leaders will employees to reciprocate this trust.

Rob Hurley<sup>49</sup> divides the question of how to develop trust with close collaborators into two parts; personal factors and situational factors. Leaders should understand three personal factors of subordinates; their risk tolerance,

how well adjusted they are, i.e., whether they are comfortable with themselves and their position and see the world as a generally benign place, and finally, the relative power differences in the relationship, as high power on the leaders behalf will lead to increased feelings of insecurity.

Then leaders should appreciate the situational factors which are security, similarities between leader and follower, alignment of interests, as well as questions of ability, benevolence and integrity. Security is the opposite of risk. Fewer people will trust if the stakes are high. One should attempt to start with small stakes and build up over time (process trust discussed above). People generally trust other similar people more readily than someone from a different, culture, country, university or even profession. This is why it is important for leaders to build teams and a corporate culture based on discussed and agreed values and rules: it binds employees into a cohesive group. When people's interests are aligned, then trust is a natural response. As Hurley says 'a good leader will turn critical success factors for the company into common interests that are clear and superordinate' (p58).



# CREATING A TRUSTING COMPANY

Because a person's trust depends a lot on context, trust in a leader depends partly on the trust the workers have with their middle managers, leaders and the trust they have in the company itself. This 'space of trust'<sup>50</sup> allows for interpersonal trusting relationships to develop. Employees trust their companies according to its perceived fairness. This includes distributive, procedural and interactional justice. A clear sense of norms of behaviour, values and procedures informs employee's sense of control thus reducing their perceptions of vulnerability.

When building trust inside a company, leaders have to manage not only their relations with employees and supervisors but also the relationships employees have with the organisation.

The following factors are shown to increase employees trust in their companies:

- There is a clear link between *job security* and trust in the employer.<sup>51</sup> Job security sends a strong message of benevolence and makes people feel less vulnerable and therefore reduces their feelings of risk.
  - *Performance management*, where managers work with employees to set expectations, measure and review results and reward performance increases trust because it communicates to employees what is expected of them and what they can expect in return.<sup>52</sup> An accurate and impartial performance system demonstrates that the senior management is both competent and benevolent. It also conveys messages of integrity if it is perceived as being fair.
  - *Training* increases employees trust as it demonstrates benevolence (concern for the employee's skills and employability) and the competence of managers. It may also be an example of senior management displaying trust (we trust you to stay in the company), and should be communicated as such.<sup>53</sup>
- *Procedural justice*, the perception of fairness in procedures used to make company HR decisions, is closely linked to employees' perceptions of fairness and integrity of the senior management.
  - *Distributive justice*, the perceived fairness of outcomes (salaries, bonuses etc. but also questions of leave and training for example), has a direct link to perceived trustworthiness of supervisors and managers.

# CONCLUSION

Company cultures which foster a sense of collective purpose and mutuality of interest create ‘a trust bank’<sup>54</sup> that leaders can draw on in times of trouble.

This report has been compiled to challenge leaders to review their beliefs about leadership, let go of obsolete, static concepts and move towards a continuously changing, co-created model of leadership in order to demonstrate informed and insightful behaviours that are relevant and effective in building trust in today’s organisations.

By engaging in and investing in closer relationships with immediate staff and ensuring their organisation has fair and just policies and procedures in place leaders can begin to create more trusting workplace environments and reap the benefits. Leaders must consider that face to face is the preferred communication of employees who are looking to create personal relationships with their superiors. Where face to face meetings are not feasible communications should be open, honest and respectful of the audience; people have grown wary of spin and wish to be treated as adults. Leaders need to integrate the four pillars of trust in their communications. By showing ability, benevolence, integrity and predictability, leaders can convince followers of their trustworthiness and build the relationships and environment that leads to trust.

In some organisations this change of attitude is already happening. Communications specialists will have a key role in initiating and leading this change reminding themselves and everybody else that “We can’t solve problems by using the same kind of thinking we used when we created them” (Albert Einstein). Leaders themselves will need to go through the U change process in order to be able to educate senior management. They need to live with and consistently demonstrate open minds, hearts and wills and encourage the whole organisation to explore new ways of learning, leading, following, communicating and relating to each other and the world at large.

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and communications that excite, engage and deliver –  
moments that connect the head and the heart.

### *The Institute of Internal Communication (IoIC)*

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The Institute of Internal Communication (IoIC) exists to support  
internal communication practitioners in their careers, promote  
high professional standards within the sector and raise general  
awareness of the value of internal communication.

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