

THE INDEX OF LEADERSHIP TRUST

2023



THE INSTITUTE OF
LEADERSHIP

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International

Management Today

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In his bestselling book *The Speed of Trust: The One Thing that Changes Everything*¹, Stephen M.R. Covey says that ‘the ability to establish, grow, extend and restore trust is not only vital to our personal and interpersonal wellbeing; it is the key leadership competency of the new global economy.’ The Institute has been making the same argument for many years. That is why, in 2009, we carried out the first large-scale research into leadership trust and created *The Index of Leadership Trust* as a means to measure the trust that employees had in their Line Managers and Chief Executives.

We repeated that research in 2010 and 2011, and again in 2018, to see how well the leaders in UK organisations were trusted. Despite some small changes from one year to the next, there was little evidence that leadership trust was showing any great improvement.

The Trust Dimensions

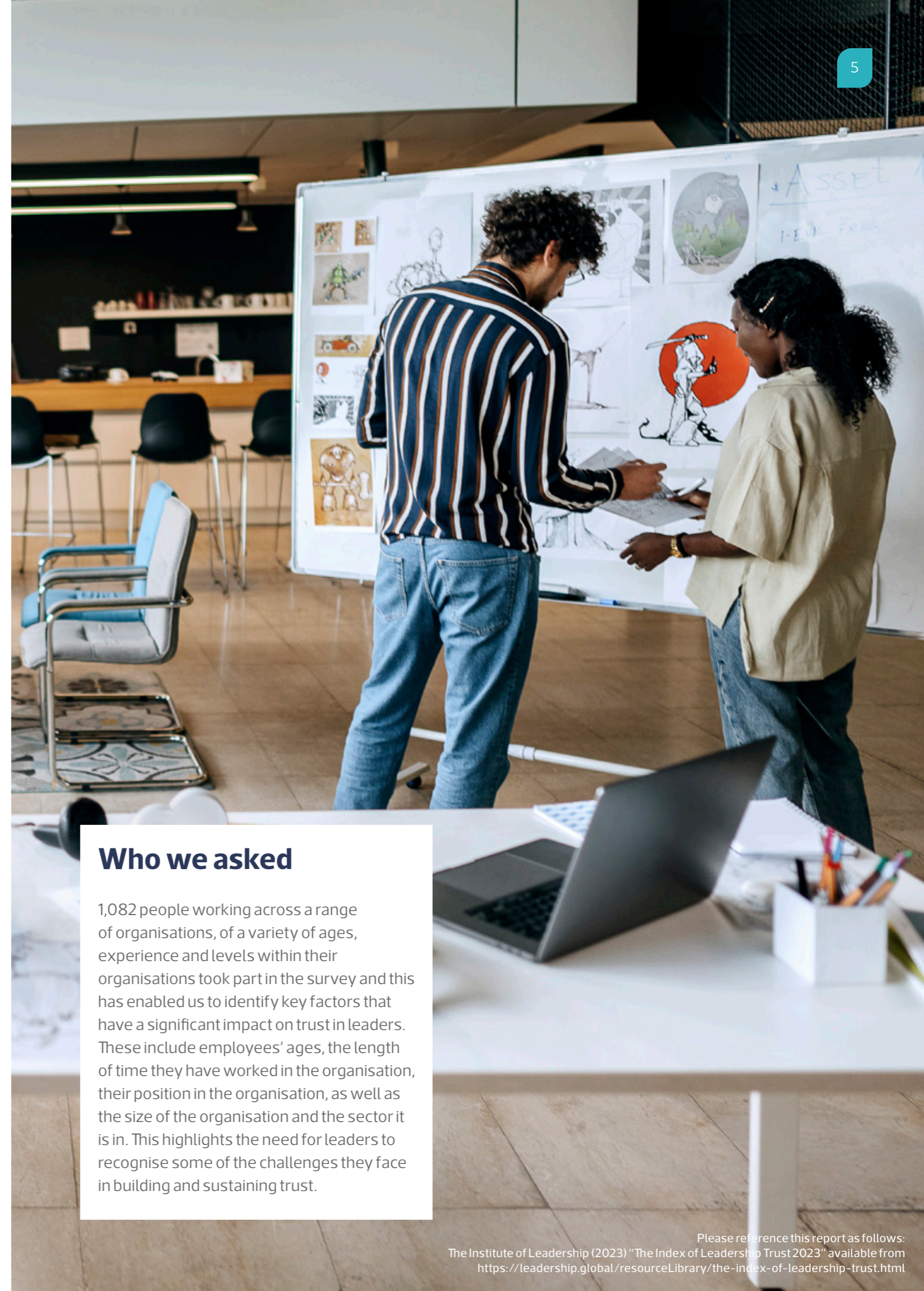
Significant academic research into leadership trust has identified three broad determinates of trust – competence, benevolence and integrity². These are aggregates of several different behaviours that have been refined into six for Line Managers and seven for CEOs. The six that are common to both are:

1. **Capability** in their role and their ability to lead
2. **Understanding** the roles of those they lead and displaying knowledge of their responsibilities
3. **Openness** to ideas and suggestions from those they lead
4. **Fairness** in the way they treat, and showing concern for, those they lead
5. **Integrity**, how well they live up to their espoused values, striving to be honest and fair
6. **Consistency** in decision-making, behaving in a reliable and predictable manner

For CEOs, the seventh behaviour is:

7. **Accessibility**, being available to staff

Since we last explored this phenomenon, the UK has experienced some significant events – Brexit, the Covid pandemic and now a major European war – all of which require strong leadership to ensure organisations are able to succeed and prosper. Employees need to have confidence that their organisations are being led well and that their futures are secure. That requires trust; trust in the person who has overall responsibility for the direction of the organisation (the CEO) and in the person that they directly report to (their Line Manager). This is why *The Index of Leadership Trust* is so significant – it provides a single measure of trust but does so by aggregating several individual dimensions, each of which is essential in creating and sustaining trust.



Who we asked

1,082 people working across a range of organisations, of a variety of ages, experience and levels within their organisations took part in the survey and this has enabled us to identify key factors that have a significant impact on trust in leaders. These include employees’ ages, the length of time they have worked in the organisation, their position in the organisation, as well as the size of the organisation and the sector it is in. This highlights the need for leaders to recognise some of the challenges they face in building and sustaining trust.

No improvement

In the 14 years during which The Institute has been investigating leadership trust, a period in which trust has been regularly highlighted as critical for leadership effectiveness, there has been no sign that this has been translated into higher levels of trust.

For Line Managers, the overall Trust rating (*The Index of Leadership Trust*) in this survey was 67 (out of 100); this is slightly less than the rating in previous years. Although only a small decline, it is still worrying, as it shows that there has been no significant improvement in the overall levels of trust in line managers. For CEOs, their trust rating was lower, at 62 (see Fig 1). This is slightly higher than in 2018 but still lags behind the Trust Index for Line Managers, as it has done in all the surveys we have undertaken.

It is easy to read something into small variations when the real story is one of stagnation – leaders in organisations should be working hard to build trust to cope with the challenges their organisations face if they are to survive and prosper. What this research shows is that leaders at all levels have a long way to go before they can claim to enjoy higher levels of trust.

What can leaders do to build trust? By focussing on the behaviours that determine how well they are trusted, leaders can build and sustain higher levels of trust needed to be truly effective. By asking respondents to rate their Line Managers and CEOs (on a scale of 0 to 10) on the behaviours that determine trust, it is possible to identify their relative strengths and weaknesses.

Line Managers are best at welcoming ideas and suggestions from their team members and worst at consistency in their decision-making (see Fig 2). Although the differences in scores are relatively small for most of the dimensions, this apparent lack of consistency in decision-making can cause uncertainty and raise questions about a Line Manager's integrity. The second lowest score is in understanding the roles of those they lead, which is quite surprising – although the difference here is quite small; if Line Managers should be good at anything, you would think it would be knowing what their team members are supposed to be doing.

CEOs tend to score lower than Line Managers on all dimensions, with a similar pattern of strengths and weaknesses. However, their lowest score is for accessibility, which is probably not surprising and may partly explain their generally lower scores – their inaccessibility means that they are less able to demonstrate the other behaviours. This relative remoteness does seem to be a significant factor in limiting their ability to inspire trust; the CEO leading smaller organisations enjoy higher Trust Index scores than those in larger ones (see Fig 3). What's more, Senior managers and Board Members (who probably interact with CEOs much more) rank CEOs about four points higher than others in the organisation, with a Trust Index of 64 compared to 60.

Figure 1 Trends in Leadership Trust

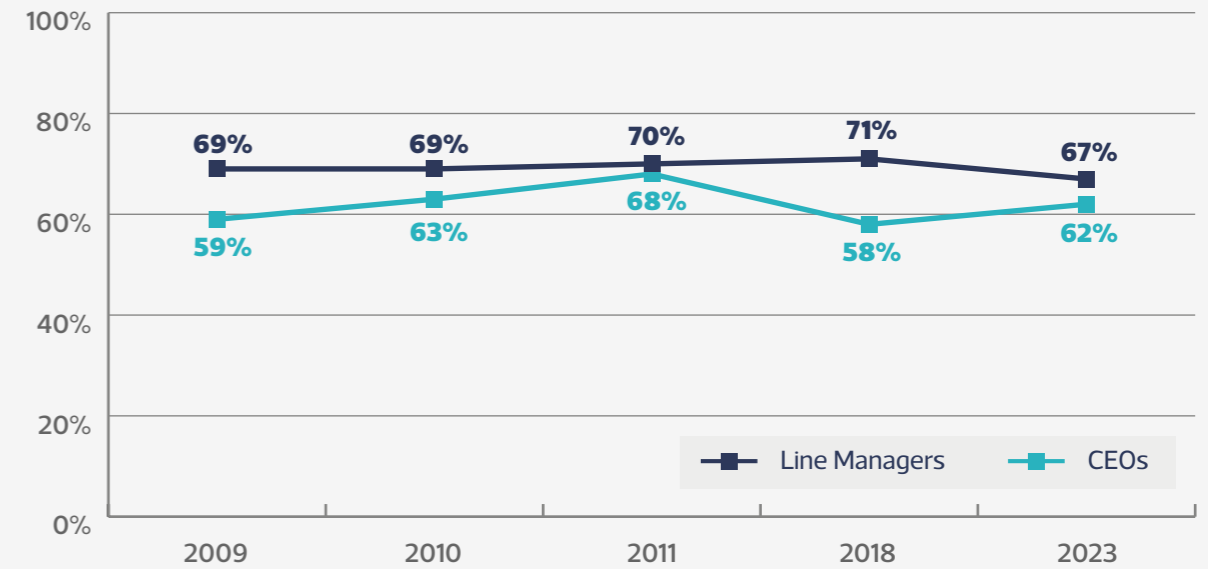


Figure 2 The determinates of Trust: CEO and Line Manager behaviour

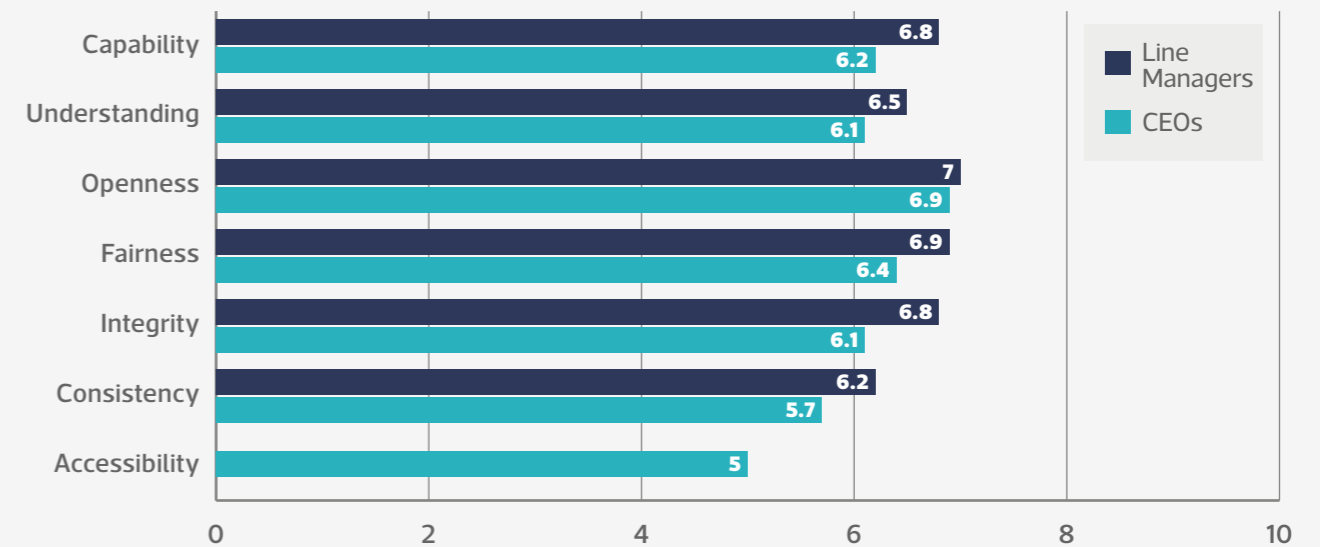
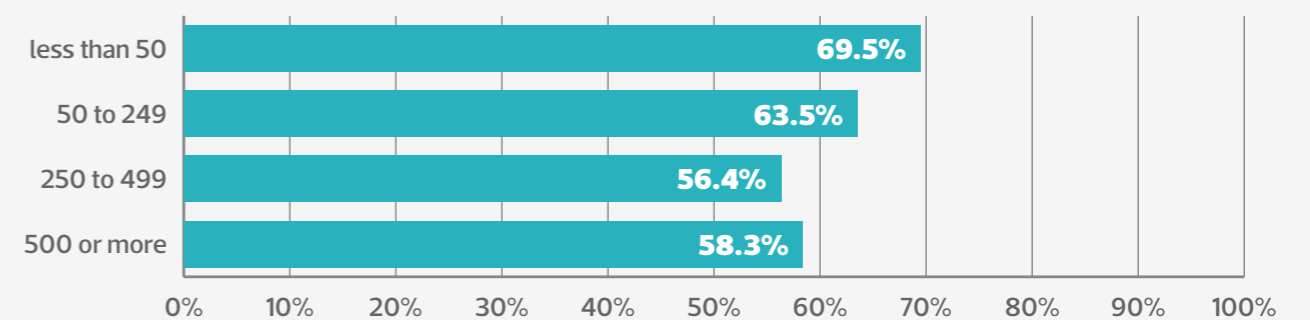


Figure 3 CEO Trust Index by organisation size



The challenges leaders face in building trust

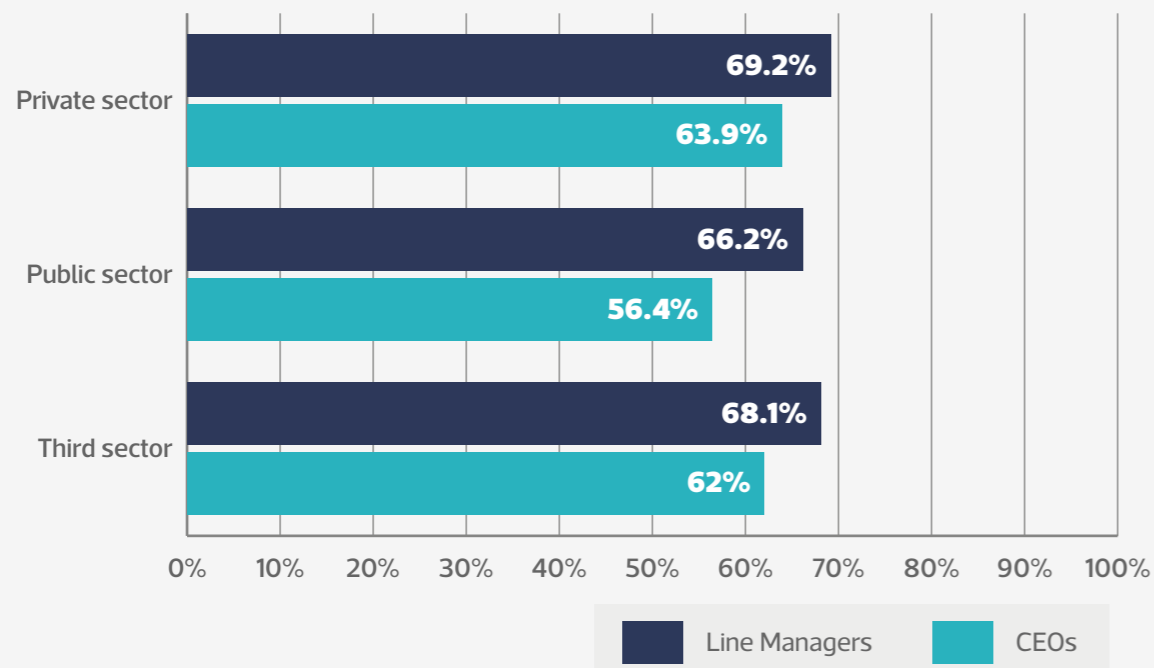
The behaviours that leaders need to exhibit if they are to build trust are demanding in themselves, but the nature of the organisation and the characteristics of the people they lead can bring extra challenges.

Sector

We have already seen that it is harder for CEOs to build trust in large organisations, and the sector is also relevant when it comes to building trust (see Fig 4). CEOs in the public sector have an average Leadership Trust Index of 56.4, seven and a half points lower than CEOs in the private sector (63.9) and five and a half lower than those in the third sector (62.0). Although not as pronounced, a similar pattern is apparent for Line Managers, with respective scores of 66.2 (public sector), 69.2 (private sector) and 68.1 (third sector).

This pattern of lower leadership trust in the public sector has been a recurrent feature of this research since its inception, in 2009. Is there a deficiency in leaders in the public sector, or does the sector have characteristics that make it more difficult for leaders to build trust? Whichever, given the crises that many public sector organisations face at present, the need for leadership trust could never be more pressing.

Figure 4 Trust Index of Line Managers and CEOs, by sector



Gender

In past surveys, there have been small but significant differences in the Trust Index scores for male and female CEOs. On this occasion, male and female CEOs received more or less identical scores; this is also the case for Line Managers. However, when the sex of the respondents is taken into account, a more complex picture has emerged (see Table 1). Whereas female respondents score both male and female CEOs and Line Managers higher or the same, male respondents tended to score female CEOs and Line Managers about three points higher.

How to explain this phenomenon? Is it the respondents' expectations and perceptions, or is it the way that female and male CEOs and Line Managers behave towards male and female employees, or some combination of the two?

Table 1 Male and Female respondents and their ratings of Line Managers and CEOs

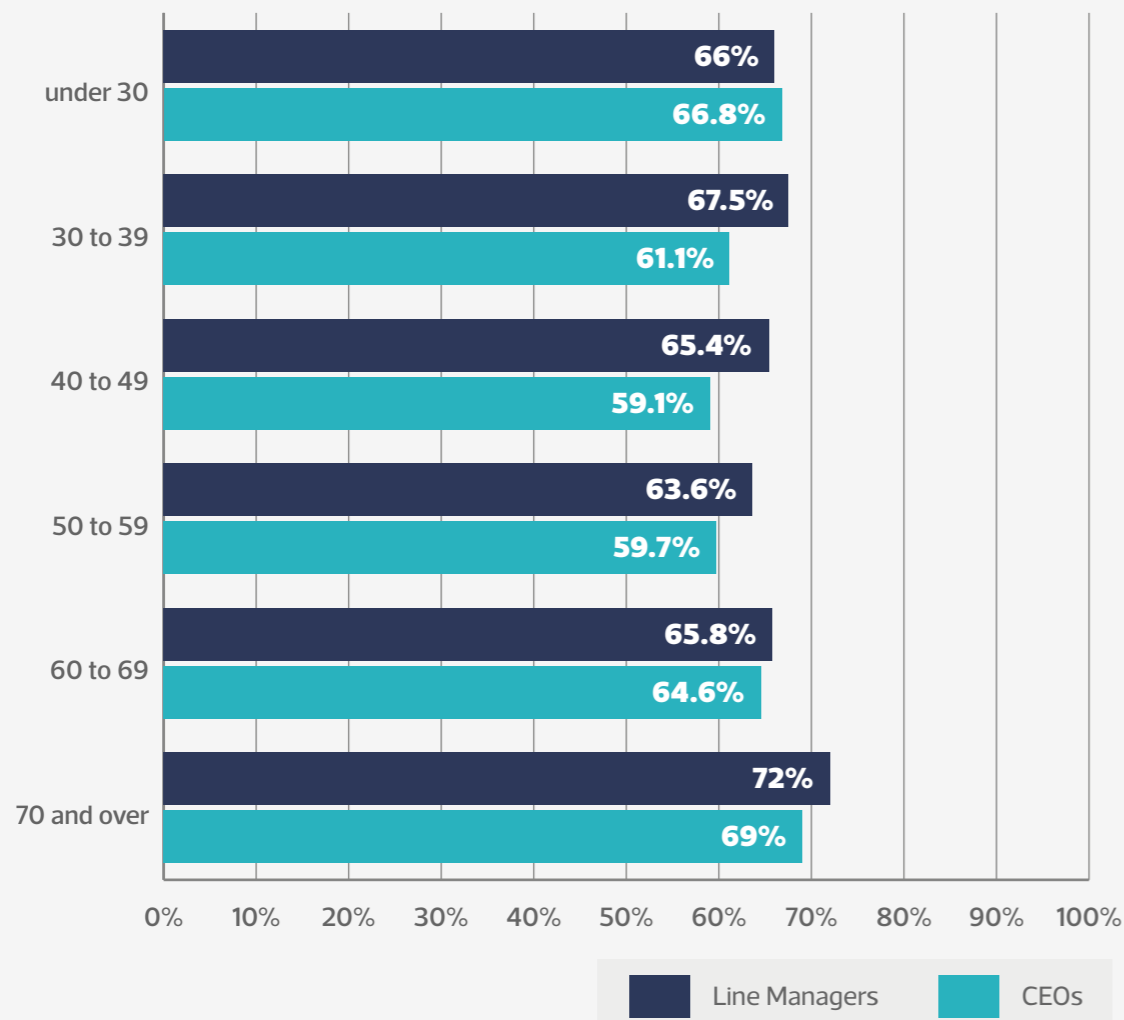
		Line Managers		CEOs	
		Female	Male	Female	Male
Respondents	Female	66.5	66.6	60.1	61.8
	Male	69.7	66.9	63.3	61.6

Age and length of service

Age also matters. The Trust Index scores for both Line Managers and CEOs show a similar pattern – younger and older employees have higher levels of trust than the middle-aged (see Fig 5). Do people become more sceptical as they get older but, if so, why does this subsequently fade? Leaders at all levels in organisations need to look at these variations and consider how they behave with people of different ages and ask themselves if they behave differently or, if not, should they?

A similar pattern emerges when looking at length of service with an organisation. New employees display higher levels of trust in their Line Managers (at 77) and CEOs (67), but this trust seems to diminish over time, picking up again after ten years or more in the same organisation. This suggests that experience has taught many employees that many of their Line Managers and CEOs are not particularly deserving of trust. However, those that are trusted encourage people to want to stay.

Figure 5 Trust in leaders varies with the age of employees





Working from home

The Covid pandemic had a significant impact on the number of people who work from home (WFH). Ten years ago, The Institute explored this flexible working and found that WFH was far from widespread, and that it was primarily female employees who engaged in it. In this research exercise (although it was not directly concerned with WFH) we did ask respondents if they worked from home – and the majority (73%) said that they did, at least part of the time, with 42% saying for at least three days a week (see Fig 6).

Does WFH affect trust and, if it does, in what way? Our research suggests that employees have higher levels of trust in their Line Managers the more they work from home. The Index of Leadership Trust for employees who are in the workplace the whole time is 62, but for those working at home the whole time is significantly higher at 88! Although there is some variation in the Trust Index for CEOs based on WFH, this is smaller, although the general pattern is the same, with WFH generally leading to higher levels of trust (see Fig 7).

Why is this? There are two possible (and non-exclusive) explanations; people are more likely to work from home a significant amount if they feel that their Line Managers are trustworthy and their career will not suffer³, and employees who are trusted by their Line Managers are likely to reciprocate this trust. This reciprocity is an important characteristic of trust and has been identified particularly by research into game theory – if people believe that their trust in others is reciprocated, it reinforces their trust.

Figure 6 Do you work from home?

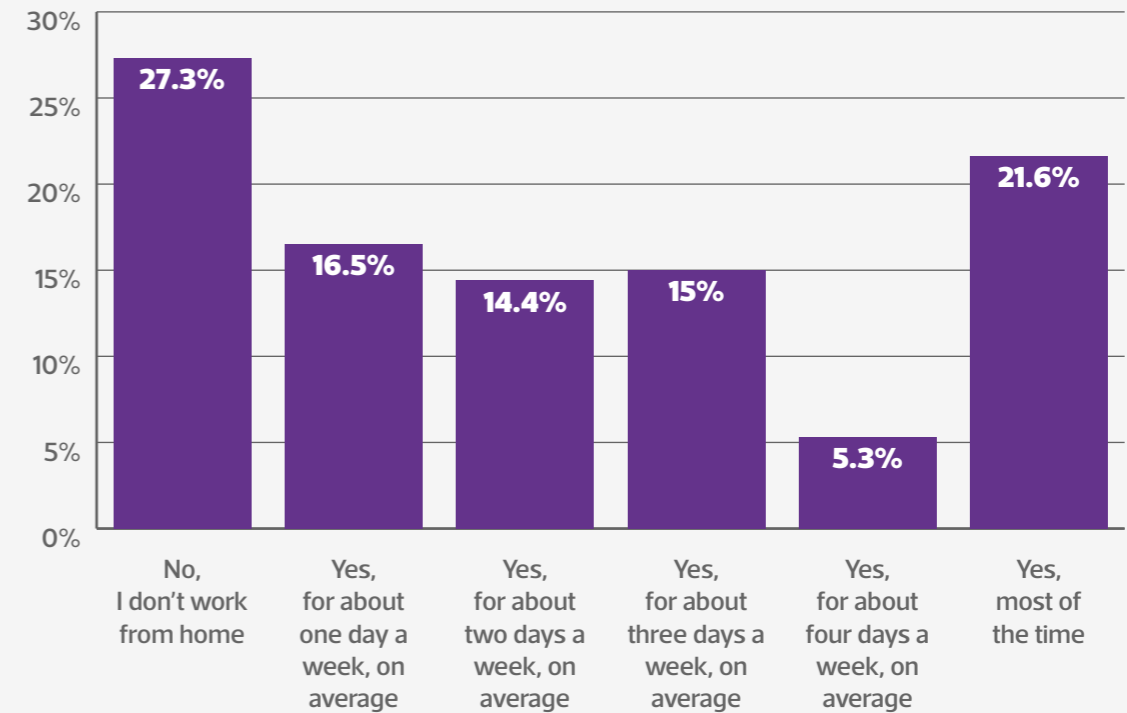
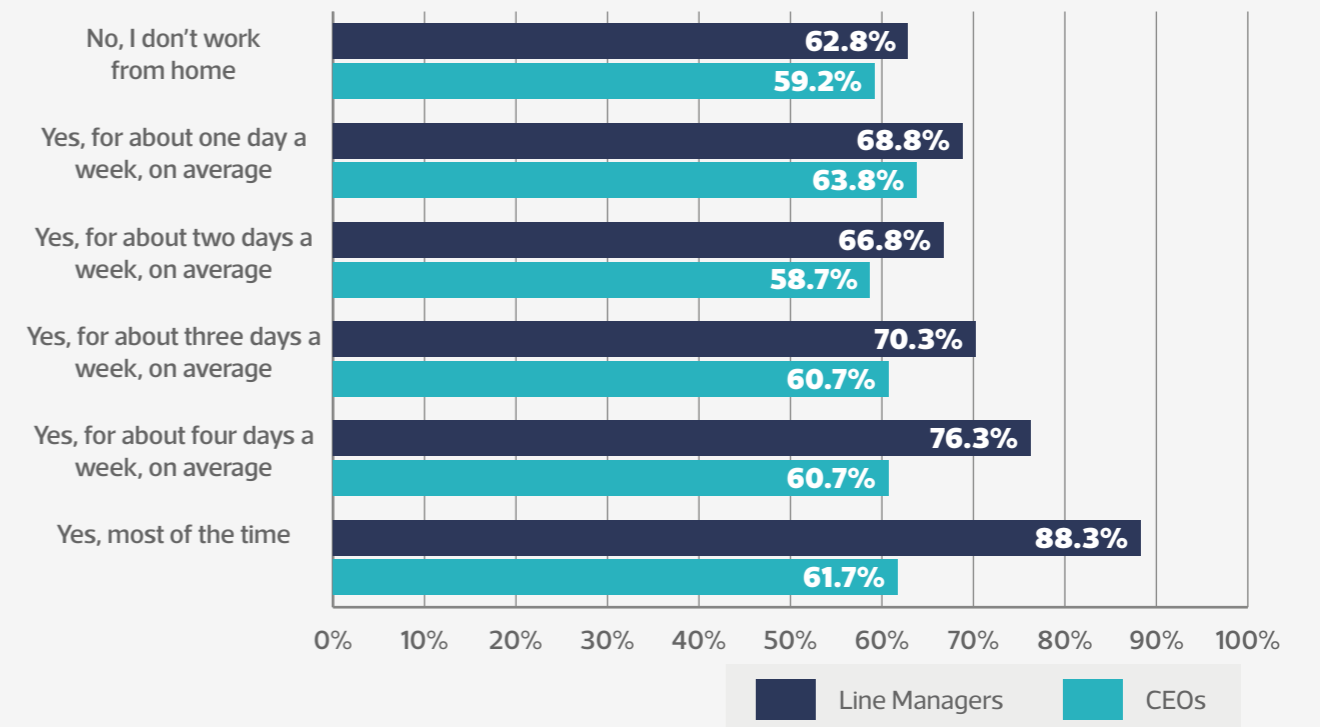


Figure 7 Working from home and trust in Line Managers and CEOs



What should leaders do to build and sustain trust?

Managers have power in organisations because of their positions – what is often described as legitimate authority – and the more senior they are, the greater the power they have. But that power is based on the contract between the organisation and its employees; a manager can only require an employee to do what they are contractually required to do.

Leaders have power because of who they are and what they do. They build this personal power through their behaviour and the people who follow them do so through choice. It is personal power that gets people to go that extra mile, that makes them want to give their best and not just do what they are required to do. Not all managers are leaders and not all leaders are managers, because it is the person who creates the power not the organisation. And the root cause of this personal power is trust – people follow leaders because they trust them and because they want to be trusted in return.

Leaders are trusted because they are seen to be competent (they perform their role effectively and understand what other people do), are ‘benevolent’ (they care for people, are open to them and their ideas) and behave with integrity (are honest and consistent). These are critical behaviours – Line Managers and CEOs who strive to demonstrate these behaviours will build trust and through that trust become successful leaders.

The Institute developed *The Index of Leadership Trust* to provide an effective measure of trust and, as a consequence, leadership effectiveness. The evidence of the last 14 years is clear – leaders still need to work hard to build higher levels of trust. The Institute is here to help individuals and organisations to develop the knowledge and behaviours that leaders need, and *The Index of Leadership Trust* provides a valuable indicator of how well leaders are progressing in their development.



What The Institute is doing to build leadership trust

The Index of Leadership Trust has clearly identified the challenge facing organisations in the UK – leaders at all levels need to develop the behaviours that build trust, to become more effective. This is why The Institute has created a suite of resources to enable the development of these behaviours. Take a look at the **Free Tools** on our website including the Building Trust microlearning resource and the **Explore tab** for broader leadership skills to find out more.

Measure trust in your organisation

The Institute has been working with the leading psychometric test designer, AQR International to develop a new Occupational Trust Measure. This provides a framework to measure the trustworthiness of the senior leadership, highlighting their strengths and weaknesses, with the aim of creating a culture where individuals and therefore organisations can flourish and thrive.

To be involved in the initial pilot contact headoffice@aqr.co.uk

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¹ Covey, Stephen M. R. (2006), *The Speed of Trust: The One Thing that Changes Everything* Free Press

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³ In their report *Does Working from Home Work? Evidence from a Chinese Experiment*, Bloom et al found that many of those who worked from home as part of the experiment were worried that their careers might suffer. See www.gsb.stanford.edu/faculty-research/working-papers/does-working-home-work-evidence-chinese-experiment



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Published by The Institute of Leadership June 2023 © The Institute of Leadership

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