

How new leaders build or lose trust over time

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Some leaders — particularly minorities — may start with low levels of trust, but new Olin research shows they can quickly build followers' trust through transformational leadership and be effective. Credit: Shutterstock

The goal of any new leader is to quickly establish a high level of trust and credibility with the team. After all, numerous studies have shown that trust in leadership is linked to higher individual and team performance. However, that might not be the best strategy for long-term success, according to a new study from Olin Business School at Washington University in St. Louis.

That's because trust is dynamic by nature, and it is particularly susceptible to change early in the leader's tenure with a team when the leader is under greater scrutiny.

Researchers found that employees' initial expectations for a new leader were an indicator of how trust levels would change over time. The higher the initial level of follower expectations, the greater the potential to experience a decline.

However, leaders who started with low or moderate levels of initial trust were more likely to experience a steep increase in trust over time, particularly when engaging in particular behaviors. That's important because leaders who experienced

increases in trust were, in turn, consistently rated more effective by their supervisors.

"Our findings depart from conventional wisdom, which seeks to maximize the level of trust in the leader from day one," said Kurt Dirks, vice chancellor for international affairs and the Bank of America Professor of Leadership at Olin Business School.

"Although having a high level of employee trust in a leader is associated with effectiveness, we found that it is even more effective to start at a moderate level of trust and increase to a high level over the first several months. This approach allows leaders to build a sustainable foundation of trust and create a sense of positive momentum."

While previous studies have looked at the relationship between team performance and trust in leadership at a particular point in time, Dirk's research—published recently in the *Journal of Business Ethics*—is the first to show how changes in trust over time affect leader and team performance from the start of a relationship.

The study also revealed a set of behaviors that were particularly effective at accelerating the development of trust. Leaders that engaged in behaviors referred to as transformational leadership, an ethics-based leadership style, experienced faster rates of trust development. Key to this approach were the focus on values and on taking time to develop the relationship with individuals.

Patrick Sweeney of Wake Forest University, Nikolaos Dimotakis of Oklahoma State University and Todd Woodruff of the United States Military Academy are co-authors of the study.

The study took place at the United States Military Academy. Dirks and team surveyed cadets who attended the academy to simultaneously earn

college degrees and gain officer commissions in the cooperation and open communication, he said. U.S. Army upon graduation.

To assess how trust developed and changed over time, data were collected over four time points from more than 500 individuals organized into 130 squads, beginning during the first week of the program and continuing approximately every five weeks. Squad members reported on their trust in their direct leader. Additionally, leadership one level above the unit leader responded about unit effectiveness.

How employee expectations, leadership styles impact trust

Even before the new leader joins the team, companies frequently create high expectations by touting the person's credentials and high goals. Employees also use [social connections](#), situational contexts and personal attributes—such as age, race, gender, body language or presence—to measure up the new leader, Dirks said.

"Some leaders are able to establish a high level of trust immediately, while other leaders—particularly minorities—may start with low levels of trust and need to build trust over time," he said.

However, the research shows there could be advantages to earning employees' trust rather than starting off with it.

In the study group, leaders one standard deviation above the mean on expectations experienced a decline in followers' trust over [time](#), while those leaders one standard deviation below the mean experienced an increase in trust.

"Our analysis suggests that this is not just a regression to the mean phenomenon but rather is based on psychological factors," Dirks said.

Another consistent pattern emerged from the data: Transformational leaders were more trusted by their employees by the end of the study. According to Dirks, transformational leaders are those who exemplify moral standards and foster an ethical work environment. They also encourage development of their employees and emphasize

Leaders who began with low expectations were able to quickly overcome the initial trust deficit if they displayed high levels of transformational leadership, Dirks said. And leaders who began with high expectations were able to maintain a high level of trust with subordinates if they displayed high levels of transformational leadership.

By comparison, leaders who began with high expectations experienced a sharp negative rate of change in their followers' trust if they displayed low levels of transformational [leadership](#).

"This study suggests that leaders may establish trust most quickly by managing expectations for how they will be an effective leader, and subsequently engaging in a particular set of behaviors that earn [trust](#)," Dirks said.

More information: Kurt T. Dirks et al, Understanding the Change and Development of Trust and the Implications for New Leaders, *Journal of Business Ethics* (2021). DOI: [10.1007/s10551-021-04902-4](https://doi.org/10.1007/s10551-021-04902-4)

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