Research report

April 2014

Cultivating trustworthy leaders

WORK WORKFORCE WORKPLACE

Championing better work and working lives

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Our focus on the workforce includes demographics, generational shifts, attitudes and expectations, the changing skills base and trends in learning and education.

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Cultivating trustworthy leaders

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The research team were:

Director – Professor Veronica Hope-Hailey, University of Bath

Dr Graham Abbey, University of Bath

Juliet Daye, University of Bath

Charissa Freese, Tilburg University

Dr Stefanie Gustafsson, University of Bath

Professor John Hailey, University of Bath

Claire McCartney, CIPD

Tara Rees-Jones, University of Bath

Vanessa Robinson, CIPD

Anne Stevenson, Robert Gordon University

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Day Lewis Pharmacy Group

GKN

Her Majesty's Revenue & Customs

John Lewis Partnership

Kingston Hospital NHS Trust

Oxford University Hospitals NHS Trust

Serco

Unilever

Cultivating trustworthy leaders

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Executive summary

1 Trust remains a concern

Recognising and appreciating that there are high levels of uncertainty in society is key to understanding the need for trust. It is not that every senior leader has become a demon who cannot be trusted. Certainly some leaders have found themselves to be lacking but not all. Some leaders have maintained their integrity.

The perceived trust crisis may instead be more about people demanding and needing a greater and more overt demonstration of trustworthiness from their leaders and organisations precisely because they are feeling a higher level of uncertainty about the future. In essence people need more reassurance that their leaders or institutions are reliable. They expect more ability, benevolence, integrity and predictability from their leaders because they feel a fear about the future.

Yet the paradox remains the same as in the last report: while we are feeling uncertain, we also need high levels of trust in order to get back to an economic, social and political certainty we once enjoyed. We are not trusting because we feel uncertain and yet the very things that will make us feel more certain – a renewed sense of morality within society, continual growth, opportunity for all, a perceived justice in how the fruits of prosperity are shared within society – cannot be achieved unless we learn to trust again.

We know that high levels of trust will deliver the enabling conditions in which innovation, problem-solving, engagement and knowledge-sharing will thrive within organisations (Dietz and Gillespie 2011). In contrast, too much distrust creates stasis or, at worst, dysfunction. To enable people to move into a state where they are willing to experiment or change, we need to increase people's propensity to trust (Ashleigh et al 2012) and simultaneously raise their leaders' ability to accentuate their demonstration of their own trustworthiness.

To get the organisational change necessary across sectors, we need to get employees to a psychological state where, despite feeling vulnerable, uncomfortable and unsure about the future, they are willing to take the risk of trying new working patterns or practices (Rousseau et al 1998).

2 Characteristics of trust

The literature tells us that trustworthiness is based on four characteristics: ability, benevolence, integrity and predictability (Mayer et al 1995, Dietz and Den Hartog 2006). These four characteristics form the foundational pillars of trust:

a) Ability describes perceptions of leadership competence in doing their job or fulfilling their role.
b) Benevolence describes a concern for others beyond leaders' own needs and showing levels of care and compassion.
c) Integrity defines how trustworthiness is linked to being seen as someone who adheres to principles of fairness and honesty while avoiding hypocrisy.
d) Predictability emphasises how leadership behaviour has to be consistent or regular over time.

3 The role of HR policies and processes

Our case organisations make use of a range of practices to select, develop and assess trustworthiness. In summary, we got the sense that it was much easier for the organisations participating in our study to assess and develop trustworthiness when they associated it with ability and predictability. In cases where trustworthiness was mainly about integrity and benevolence, some organisations made use of development tools such as master classes, activity-based learning and case studies. However, assessing these quantitatively was much more challenging and hence there was a stronger focus on making judgements based on personal interactions and having a 'sense' or 'feel' of the person.

Strengthening the trustworthiness of individuals

HR practices may help to increase individual trustworthiness in various ways:

- Selection techniques such as evidence-based, values-based and whole-person based interviewing, referrals as well as assessment centres build trustworthiness through increasing evidence about the individual.
- Development practices such as action learning increase leader self-awareness around weaknesses and strengths which may build trust in oneself as well as the human element of leadership.
- Development practices such

as master classes and training courses increase consciousness of the needs of others, such as the need to trust and be trusted.
- Assessment practices such as 360-degree feedback increase trust in individual leaders by providing evidence of trustworthiness as well as creating trust relationships through open exchange and sharing.
- By rewarding behaviours that are perceived to be trustworthy, trust is recreated.
- Practices help to build evidence by formalising 'gut feel' and 'cross-referencing' sources.

Strengthening the trustworthiness of organisations

Similarly, HR practices may help to increase trustworthiness at an organisational level by:

- creating platforms for conversations and open dialogue about trust
- building trust relationships across the organisation by creating cross-team exchange line manager involvement
- increasing consistency, objectivity and transparency through selection and development practices leading to increased perceptions of integrity, inclusivity and hence higher levels of trust
- receiving external recognition for practices, helping to build organisational trustworthiness internally and externally.

4 When HR policies and practices actually challenge trust levels

While overall most of our participants described a positive relationship between HR practices and trust levels, some also expressed their concern about a possible negative relationship between the two. This was particularly the case when there were perceived to be 'too many' rules and regulations in HR, which could be interpreted by individuals as 'we don't trust you to do things' or 'we command and control you to make sure the things are done'. As such, there is a suggestion that too strong a reliance on HR practices may result in an environment where there is low trust in people.

In addition, there was also a concern that as organisations had introduced more practices and HR policies, there was little possibility for individuals to earn trust. As we have seen before, trust is built as individuals are empowered and given space for experimentation. However, when an organisation becomes too concerned with adhering to policies, this space ceases to exist.

Our practitioners felt that in recent years people have been discouraged from focusing on the personal in selection decisions. Instead they talked about an over-elevation of the rational. Indeed, they observed that the more technology-driven HR becomes, the more there is a danger of ignoring the intuitive or the relational response in selection decisions which is more about the potential candidate as a whole person. HR policies and practices only 'come to life' when they are implemented by people who believe in them being good for the organisation and are willing to exercise their judgement and override systems or processes in favour of the 'right thing to do',

rather than simply adhere to a box-ticking exercise.

So what then seems to be important in order to create an environment of trust and trustworthiness is that HR practices and policies evolve alongside the personal and relational side of trust. Trust is about accepting the vulnerability of someone else and, as we have shown in our previous report (*Where has all the trust gone?*), is primarily a relationship between a trustor and a trustee.

Based on our research, we thus propose that organisations may draw on two different forms of trust: 'relationally embedded trust' and 'practice- and policy-driven trust'. What is needed is a balance. Ideally one wants a strong culture where 'trustworthiness becomes an automatic and the norm' and, on the other hand, 'a framework of HR policies and processes in place' that 'ensures people act in a certain way'.

5 Dominant preferences for certain elements of trustworthiness

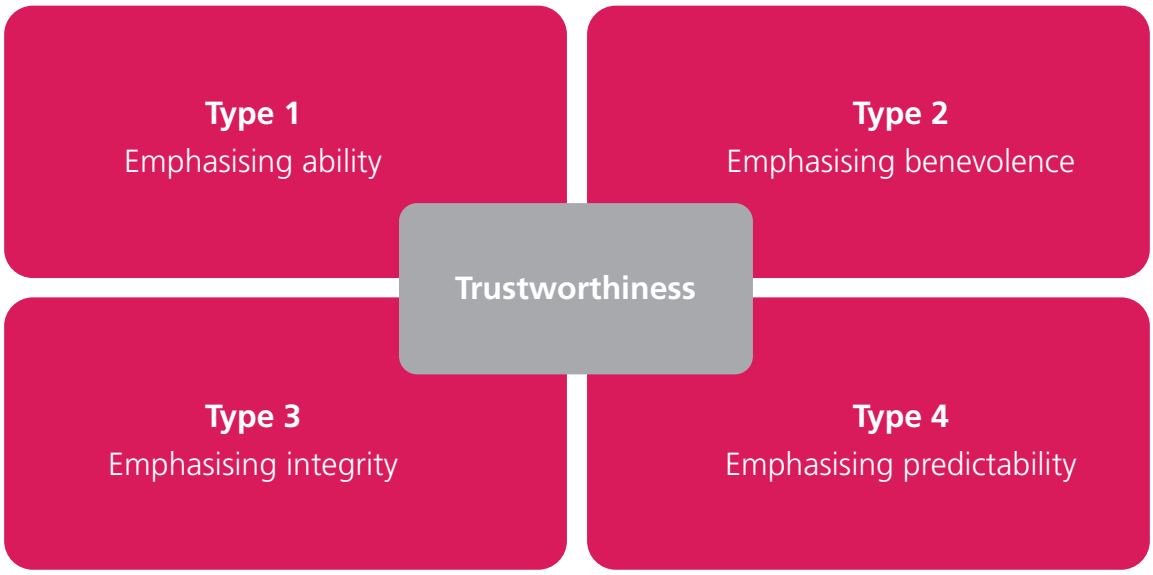
What we also saw in our case studies is that organisations seem to have a dominant preference for certain characteristics in how they define trustworthiness. This does not mean that each of these is mutually exclusive. Instead, in many cases our participants describe a combination of characteristics. However, what seems to be important is understanding the underlying assumptions that organisations have in mind when thinking about trust and trustworthiness. This seems crucial in order to cultivate trustworthiness in leaders. These assumptions are part of what we refer to as the ecosystem of trust and discuss in depth in the report.

We have distinguished between four types of organisations which each emphasise one of the characteristics of trustworthiness. Each of these has advantages and disadvantages. Hence we are not suggesting that one is 'better' than the other. Instead there is a combination of factors such as the industry context, the organisational context and the external relationship context which influence the meaning of trustworthiness.

Each dominant type has strengths and weaknesses. For instance, when organisations veer towards using ability as the sole or dominant predictor of trustworthiness to the exclusion of other elements of trustworthiness such as benevolence or integrity, this can result in a competitive form of 'red cape style leadership', with a preference for leaders who demonstrate their capability through firefighting their way through crises. Equally, too much emphasis on benevolence can result in people not being held accountable for their behaviours or their performance. Predictability or consistency is sometimes hard for leaders to promise as they are not always in control of the external environment beyond their business unit or organisation. What is clear is that employees are demanding much more integrity in communications. Transparency and honesty in communications is vital as so many people have so much more access to information than they had 10 or 15 years ago – there is no point in 'spinning'.

6 Leaders as humans – 'Let leaders be themselves'

To be trustworthy, leaders should share their personal side with employees. They should remove the 'uniform of leadership' from time to time and reveal their human side. HR practitioners and employees talked about the need for leaders



to bring the personal and the real into their accounts of themselves. Leaders should be encouraged to be fallible and to be human and to admit their flaws. Their followers would trust them more if they did this. Trustworthy leaders were also encouraged by their organisations to share their personal stories which revealed something of them as people rather than functionaries – as such storysharing was key rather than storytelling. And our research showed that leaders needed to be interested in and keen to listen to the personal stories of their followers if they wanted to establish a trusting, long-lasting relationship.

Introduction

As a researcher, it is always pleasing to be asked to extend a piece of research that you have already published. A chance to explore an issue in more depth is a special opportunity. So, I was thrilled to be given funding by both the CIPD and the Higher Education Funding Council to extend my first piece of research on trust. The research team has again worked in partnership with the CIPD research team in terms of data collection and data analysis and interpretation. We have looked at 13 different organisations across many different sectors: the John Lewis Partnership, Aberdeenshire Council, ABN AMRO Bank, BAE Systems, BBC Worldwide, Church of England, Day Lewis Pharmacy, GKN, Her Majesty's Revenue and Customs, the NHS, Serco and Unilever.

It is two years since we wrote the first report on trust for the CIPD: *Where has all the trust gone?* (CIPD 2012). Yet trust still remains centre stage. Levels of uncertainty amongst the general public remain high, with 'trust in business leaders' receiving a rating where only 18% of people believe they are telling the truth and with politicians rated even lower at 13% (Edelman 2013). The CIPD *Megatrends* survey of December 2013 recorded only 37% of employees trusting their senior managers.

Scandals of fraud and misconduct persist within the banking sector and utility companies, with individual journalists, media stars and politicians also coming under scrutiny. These scandals come in waves despite concerted and sincere attempts by business, church and political leaders to smooth the troubled waters and reassure the general public.

Continued prosperity for the broader European population is no longer assumed as it was at the start of the new millennium. Ten years ago the then PM, Gordon Brown, had assured us that *'By working together Britain had a new found and hard won stability'* – a stability that was then destroyed by the financial crisis and its aftershocks. People are still shaking from that economic fallout. The Spanish, Italian and Greek economies have been under severe pressure, a pressure threatening at points to destabilise the European Community. At the same time, there is a slow, too slow some might argue, recognition amongst the European public that the economies of the East are growing stronger and the locus of economic control may be gradually shifting away from the hitherto prosperous West. The global restructuring that was ongoing before the financial crisis continues with multinationals continuing to close unprofitable units (with the consequent loss of jobs in the West) in favour of acquisitions, joint ventures, strategic alliances or greenfield sites in the East. A few multinationals are reported by the media to be avoiding paying tax within Western societies in which they enjoy good profits. The rapid emergence of the Occupy movement in 2011 was symbolic of some of the antagonism felt towards 'big business' in certain echelons of society (Moran 2013).

Career prospects 'ain't what they used to be' for the great mass of employees. However, there are still plenty of job opportunities and high salaries for the best talent or the very experienced 'C suite' executives. Elitism thrives, resulting in high incomes and multiple job opportunities for top executives or bankers. This only widens the gap between high-earners and the rest of the workforce, which breeds a resentment and jealousy amongst the 'have nots'. Disappointed graduates in the UK struggle to find the jobs they expected to get, jobs that were once easily accessible to previous generations of graduates. Public sector cuts erode local and national service provision as the planned staged rollout of government cuts continues. All of these dampened expectations breed a sense of uncertainty, a sense that things will never be quite the same as they were before the financial crisis.

In essence, people are not sure what the future holds for them. There are heightened levels of uncertainty. In summary, this has been caused by:

1. The erosion of certain unspoken but taken-for-granted assumptions. These assumptions included the idea that iconic institutions and respected individuals were guided by a set of values that embodied a reliable sense of moral certainty. These assumptions have been brought into doubt by specific scandals that have been amplified by coverage in the media.
2. A perception that for the great proportion of people their standard of living has dropped while their working lives intensify.

3 A perception that while an elite continue to do well economically, their success cannot be replicated by the great mass of people. Furthermore, there is a perception that this elite do not care about the less well off and do not wish to share or distribute their wealth in order to help their broader society prosper. This is in contrast to the philanthropic values that guided some of the early founders of industry in the UK.

Recognising and appreciating that there are high levels of uncertainty in 2014 is key to understanding the need for trust. It is not that every senior leader has become a demon who cannot be trusted. Certainly some leaders have found themselves to be lacking but not all. Some leaders have maintained their integrity.

The perceived trust crisis may instead be more about people demanding and needing a greater and more overt *demonstration* of trustworthiness from their leaders and organisations precisely because they are feeling a higher level of uncertainty about the future. In essence, people need more reassurance that their leaders or institutions are reliable. They expect more ability, benevolence, integrity and certainty from their leaders because they feel a fear about the future.

Yet the paradox remains the same as in the last report: *while we are feeling uncertain, we also need high levels of trust in order to get back to an economic, social and political certainty we once enjoyed*. We are not trusting because we feel uncertain and yet the very things that will make us feel more certain – a renewed sense of morality within society, continual growth, opportunity for all, a perceived justice in how the fruits of prosperity are shared within society – cannot be achieved unless we learn to trust again.

We know that high levels of trust will deliver the enabling conditions in which innovation, problem-solving, engagement and knowledge-sharing will thrive within organisations (Dietz and Gillespie 2011). In contrast, too much distrust creates stasis or, at worst, dysfunction. To enable people to move into a state where they are willing to experiment or change, we need to increase people's propensity to trust (Ashleigh et al 2012) and simultaneously raise their leaders' ability to accentuate their demonstration of their own trustworthiness.

To get the organisational change necessary across sectors, we need to get employees to a psychological state where, despite feeling vulnerable, uncomfortable and unsure about the future, they are willing to take the risk of trying new working patterns or practices (Rousseau et al 1998).

However, what is also clear from the first CIPD report is that many factors also come into play as antecedents of trust (Hope-Hailey et al 2012). The characteristics of the workforce themselves are also important as well as the characteristics of its leaders and the organisation. Is there a propensity to trust within the *followers* of leaders? Is the workforce disposed to trust their leaders even when they do not like what is being proposed? Has the organisation built up a trust fund it can draw upon in times of change or crisis? In other words, *what is the trust legacy at any one time*? How much trust has the organisation already 'banked' from its different trust relationships in the past with customers or senior managers, or colleagues or line managers and their local teams (Hope-Hailey et al 2012, Lewicki et al 2006, Ferrin et al 2003).

The nature of communication is also a factor. Transparency and honesty is important in both formal organisational communications and interpersonal communications between managers and teams. So, in some organisations there may be an over-reliance on technological communication at the expense of face-to-face communication. Our discussions with employees in the first report showed that in times of crisis leaders need to turn up in person to face their employees in order to explain candidly the need for difficult or negative change. If there had been a breach of trust, leaders were expected to apologise for their actions or mistakes. People want to gauge the trustworthiness of leaders by watching their behaviour for real. In a well-designed podcast, one can 'act' as able, benevolent and awash with integrity, but in a face-to-face encounter through Q and A, employees feel they can really assess these characteristics of their senior leaders.

'Spin' by corporate communications departments was disliked intensely by employees. Interviewees told us that they did not want to be protected from bad news. In our earlier research it was clear that some senior leaders who attended meetings in person, shared information and decisions in a straightforward and open way, however bad the consequences, were trusted more than those leaders who tried to protect their customers or employees from the truth. In high-trust organisations, there was also an emphasis on open communication and a recognition of the legitimacy and the right amongst different stakeholder groups (for example customers, unions, partners, workforces, NGOs,

government) to have a *voice* and be heard.

Partnerships as a governance structure score higher on trust relationships between senior managers and lower levels partly because their structures built in a necessity for senior leaders to present themselves as accountable to other partners within the organisation. A further finding was that leaders needed to demonstrate a concern for other groups of people, a genuine interest and worry for their well-being – 'benevolence' in action. It's not enough to think kind thoughts inside one's head. A leader needs to show their benevolence through their words and deeds (Hope-Hailey et al 2012, Lewicki et al 2006, Ferrin et al 2003).

For any employee, when making the decision of whether to commit to an organisational change programme, a key consideration is the trustworthiness of the senior leaders of that organisation (Farndale et al 2011). Before committing to take action which employees perceive might involve personal risk and a threat to their own sense of well-being, employees weigh up the situation. They assess the *ability* or competence of their leaders to lead the organisation, the *benevolence* and goodwill displayed by those leaders towards other stakeholders, the perceived *integrity* or moral code guiding the behaviours and actions of those leaders and the *consistency* in which that ability, benevolence and integrity is applied over time (Mayer et al 1995, Dietz and Den Hartog 2006). Leaders need to demonstrate these character traits consistently and openly over time to their followers (Whitener et al 1998). The most positive finding from the first study was that even when they were tasked with implementing change programmes resulting in restructuring or redundancies, some leaders were able to reassure their employees that they, as leaders, could still be trusted. Their ability to demonstrate high levels of trustworthiness at these critical times counteracted the destabilising effects of uncertainty and anxiety about the future.

We want to understand more about this. How is it that some leaders retain the trust of their followers even when having to implement unpopular or difficult strategies? So the focus of these next two reports is on the nature of trustworthy senior leadership. We want to find out what sort of HR systems and processes in organisations cultivate trustworthy leaders. What sort of organisational cultures or ecosystems surrounding those leaders on an everyday basis enable them to thrive? In essence, our attention is focused on the following themes:

1 The cultivation of trustworthy leaders

Are trustworthy leaders born or made? Are some organisations consciously trying to create trustworthy leaders through the design and implementation of their HR procedures and processes? If so, what do those systems look like? Do organisations differ in how they cultivate or grow leaders?

2 What sorts of organisational cultures or ecosystems allow trustworthiness to thrive?

What sorts of cultures enable a leader to enact trustworthy behaviour on a day-to-day basis? If the HR systems seek to shape and develop the attributes of trustworthy leaders in individuals, what sort of climates and cultures enable these individuals to then grow and practise trustworthiness on a day-to-day basis? Do these cultures or ecosystems vary by industry sector or organisational history? Does trustworthiness mean the same thing in the aerospace industry as it means in a retail business?

3 What behaviours make for trustworthy leadership?

The third report to be published in the autumn will focus on behaviours. How do those who work with trustworthy leaders experience them as people? What do they do and how do they behave? How do their behaviours in the twenty-first century match

Figure 1: Drivers of trustworthiness (Dietz and Den Hartog 2006)

the behaviours identified by the academic research done on trustworthy leaders at the end of the twentieth century? Or, in the years following the financial crisis, are different practices expected by followers and enacted by leaders? Figure 2 below shows how the different reports link together.

We hope you find this report enlightening and heartening. There are some fine-grained examples of good practice, inspiring examples of great leaders and innovative examples of solutions to the great trust conundrum which has dominated organisational life for the last few years.

The best we can hope for is that we eventually stop talking about trust and we return to a situation where trust is a taken-for-granted assumption within the workplace and beyond. We hope the knowledge contained within this report helps us some way along that road.

Professor Veronica Hope-Hailey
Dean of the School of Management, University of Bath

Figure 2

1 Cultivating trustworthy leaders

The pillars of trustworthiness

The literature tells us that trustworthiness is defined based on four characteristics: ability, benevolence, integrity and predictability (Mayer et al 1995, Dietz and Den Hartog 2006). These four characteristics form the foundational pillars of trust:

- *Ability* describes perceptions of leadership competence in doing their job or fulfilling their role.
- *Benevolence* describes a concern for others beyond leaders' own needs and showing levels of care and compassion.
- *Integrity* defines how trustworthiness is linked to being seen as someone who adheres to principles of fairness and honesty while avoiding hypocrisy.
- *Predictability* emphasises how leadership behaviour has to be consistent or regular over time.

Leadership selection, development and assessment practices

In our study we were able to identify a range of practices and processes that organisations use in the selection, development and assessment of trustworthiness of their current and future leaders. In some of these trust is explicitly stated. In others it seems more implicitly embedded. In the first part of this section, we will provide a general overview of these, emphasising practices that seem particularly innovative compared with others.

1 Selecting trustworthy leaders

Our case organisations make use of a combination of selection practices. Organisations that seem to think of trustworthiness mainly as a way of behaving often do not directly refer to the concept of trust in the various stages of the HR lifecycle. Instead, it is for example implicitly embedded in the leadership behaviours that these organisations see as desirable. Trust here is more about the *how* of leadership rather than the *what*. As such, it focuses on behaviours and ways of doing rather than on the stringent facts and performance metrics.

This applies for BBC Worldwide, the commercially focused and wholly owned subsidiary of the BBC, where trust is really at the heart of what the organisation is about. Given the organisation's emphasis on cultural values, the ability to demonstrate behaviours that are congruent with these values is central. These are initially assessed during the interview stage and continue to play an important role in the daily social interactions and work relationships. Rather than talking explicitly about trust, it runs through HR practices like a red thread:

> *I'd say yes it probably does, and more so than we probably thought we had, as I said before, a list of competencies that we look at around communication and empowerment of others and relationship-building but trust, kind of, runs throughout all of it. I don't think we've sat down and said 'are they trustworthy?' at an interview. But I think it's that feeling you get from someone, what they say but also you'd find it hard to empower others if you didn't build trust. You'd also find it hard to run a team well or be a member of a team well if you didn't build trust. So, I actually think it's really important but it's not until I started to properly think about it that it's actually the one thread.* (Manager, BBC Worldwide)

Similarly, the John Lewis Partnership (JLP) has identified a set of behaviours based on which it selects, develops and assesses its leaders. As trust is deeply embedded within the organisation, its structure, culture and daily interactions of its partners, it has developed a sense of implicitness which means that it is not explicitly articulated but underlying everything that happens in the organisation:

> *I think it comes out of the behaviours, of the leadership behaviours so I think it falls as part of what we're assessing although we don't articulate it as clearly as that. But trust, as an organisation, trust is important to us; it's what we're built on basically but if I had to articulate how do we assess, well we don't assess trust in a nice neat package, but it's there.*
>
> *My perception is that we just take trust for granted in what we do because of who we are. And I think that's underlying in those behaviours is my personal perception.* (Manager, John Lewis)

This is also what we saw in Day Lewis. Day Lewis is the UK's and Europe's largest independently owned pharmacy chain and includes more than 200 pharmacies across the country. At Day Lewis trust is very important given its family business structure. Trustworthiness is assessed at recruitment stage by focusing on candidates' *'values and attitudes'*.

In addition, there were also three particularly innovative selection practices. This includes John Lewis Partnership's (JLP) use of whole-person interviewing, Oxford University Hospital's (OUH) piloting of values-based interviewing (VBI) and selection involving stakeholder engagement used by the Church of England (CofE)[1] and OUH.

Innovative practice

Whole-person interviewing describes an interview technique where candidates are not only asked in relation to previous experiences in terms of work in order to test their capability or competency, but also to share stories from their personal life: *'You're asking for examples both in the work life and in the home life. You're looking at the range of their career and not just their permanent job.'* This allows recruitment decision-makers in John Lewis to assess a person holistically in order to *'allow the whole light and colour of the individual to come through'*.

Innovative practice

Values-based interviewing (VBI) follows a similarly in-depth approach as interviewees are asked about their beliefs and behaviours. As such it helps to identify candidates who are a 'better fit' with the organisation based on them having the *'right values'*. In turn, VBI helps to recruit those that are likely to be more engaged in their roles as they fit with the culture of the organisation: *'candidates have the right attitude; they stay longer and are positive'*.

Selection involving stakeholder engagement describes how in some public or non-profit organisations such as the Church of England and the Oxford University Hospital Trust external stakeholders are involved in the selection process of future leaders. This may involve the larger congregation such as in the case of the CofE, who are consulted through the Church newspaper. In the case of OUH, in the selection of nurses, stakeholder events have been carried out with staff and local groups to gather feedback, which is provided to and taken into account by the interview panel.

2 Developing trustworthy leaders

Generally, there is a range of practices in place that organisations use to develop trustworthiness in their leaders. These include leadership models, development programmes, action learning and master classes. These can be grouped into two common themes: *aligning leadership competencies* and *individualised development*.

Aligning leadership competencies describes organisational efforts to create a common set of competencies, skills and behaviours which are underlying leadership development. Organisations do this in different ways. One particularly innovative example is that of Serco.

Innovative practice

Living the values (Serco) describes how the organisation has created global consistency across all parts of the organisation by building a common language for what it means to be a leader at Serco in its new leadership model. This is put into practice through supporting materials and resources which help the organisation to communicate and create meaning around leadership. Engagement case studies have been developed to identify best practice and highlight the *how* of leadership. Here stories are presented and shared which are supposed to exemplify what it means to be *living the values* of Serco:

> *These people are Living the Values; you just need to read the case study and you think, 'well if you want to know that the say/do gap is about integrity of values hanging on the wall and being behaved, here are some great examples'. (Senior Manager, Serco)*

There are other examples of organisations as well who are concerned about creating a common set of leadership competencies in their development practices of trustworthy leaders. This includes the Church of England, which relies on a common language around leadership as senior leaders engage in what they call *'development through pilgrimage'*. This describes how leaders are developed through

[1] Our study is based on interviews with senior leaders in one diocese, and not all these practices are universal throughout the Church of England.

sharing stories at their local parishes about what exemplary leadership behaviours look like.

Storytelling and 'storysharing' is also used in Her Majesty's Revenue & Customs (HMRC), the UK's tax authority, where it is made use of in senior leadership development:

> *They are sharing what it feels like being a leader going through huge organisation change.*

On the other hand, we also identified a set of practices that are concerned with the *individual development needs* of each leader and asking leaders to take initiative for their learning. This helps to cultivate trustworthiness through developing a greater awareness of oneself as a leader and one's development needs, as the best leaders *'tend to be the most confident themselves, most self-aware'* (Senior Manager, Unilever).

This is for example the case in JLP, where leaders are encouraged to take initiative for self-development:

> *We do encourage self-development, personally own development as opposed to anything else. (Senior Manager, JLP)*

Similarly, ABN AMRO, our financial case study organisation, uses an e-survey in order for their leaders to assess their individual development needs:

> *The personal e-survey is more for the individual need to see, okay if I'm not having the level of leadership that is required of me I can work on the development needs throughout the programme and after the programme. (Senior Manager, ABN AMRO)*

An additional example is again the Church of England, where we see development as strongly individually driven. Here the organisation provides a range of development opportunities that members can join as part of the continuing *Ministerial Development Programme*, including work-based learning groups, coaching and mentoring programmes. These are aligned with the organisation's values and beliefs around trust and hence help to develop trustworthiness in their leaders.

Innovative practice

Live 360-degree feedback (BBC Worldwide) describes a particularly innovative development practice where future leaders of their *Inspire* programme participate in a live feedback session of up to eight people consisting of peers, people they report to and others who report to them. Candidates here receive direct and live feedback, which is particularly *'powerful'*, *'insightful'* and *'informative'* for the participants. The feedback generated is then incorporated into the candidate's individual development plan.

3 Assessing and rewarding trustworthiness

In terms of performance assessment, the majority of our participating organisations have a range of assessment practices in place. This includes annual performance reviews (Aberdeenshire, John Lewis, BBC Worldwide, ABN AMRO), nine-box performance grids (John Lewis, BBC, ABN AMRO), key performance indicators (John Lewis, ABN AMRO, Serco), balanced scorecard (Serco) and performance frameworks (BAE). Only some of our participating organisations explicitly refer to trust in these practices.

This is for example the case for Serco, where trust is one of the elements tested in their engagement survey and forms part of the new performance development review (PDR) process. This is linked to the new leadership model and forms part of the *how* of leadership in Serco.

In the case of Unilever, trust is not explicitly stated in any of its performance assessments. However, by assessing the ability of its leaders in having achieved strategic change goals, Unilever evaluates what they see as central to trustworthy leaders, ability:

> *I think ability with assessment is very much about what they've done. So, your abilities, that competence, it's what they've actually delivered so if you look at any of your interview techniques, you'll always be looking at what did they need as opposed to what did they support, what did they actually deliver, what was the impact of what they delivered. So, for me, that's all about ability. If you're looking at it from a promotion perspective, that ability will come through in the delivery of the 3+1s [three business objectives and one development objective], the stretch of the 3+1s, etc. So, that's a relatively easy one. (Senior Manager, Unilever)*

Similarly, BAE Systems, the British defence, security and aerospace company, which also follows a performance-driven culture, assesses its leaders' trustworthiness implicitly. In addition to ability, here the consistent ability to meet performance targets, or predictability, is seen as an indicator of trustworthiness. A central

piece to this is BAE Systems' *Total Performance Leadership Framework*, which is built around four key elements: perform, assess, develop and reward. All of these are centred around BAE's central leadership mission: *leading for total performance*.

Important to note is that the reward practices differ mainly according to the industry context in which organisations operate. For example, in the case of Aberdeenshire, a public service organisation, there is no performance-based pay. Instead, jobs are graded in accordance with the national job evaluation scheme, and if difficulties are experienced in recruiting and retaining certain staff, market forces payments may be made:

> *It's more a market forces payment rather than incentive in that sense, but we don't have bonuses or profit-sharing.* (Senior HR Manager, Aberdeenshire)

In terms of talent retention, this poses a challenge to the organisation as they see people shifting to higher-paid jobs in other industries or geographical locations:

> *We don't pay everybody as much as we would ideally like to: in the current financial climate we can't – and there's a real constraint there. We can't compete with oil and gas.* (Senior Manager, Aberdeenshire)

On the other hand, GKN, the long-established global engineering group with approximately 48,000 employees in over 30 countries, operates in a financially driven environment and offers its employees performance-based pay and incentives, which are rolled out annually on a worldwide basis:

> *This is essentially the reward package. You've got base pay, you've got short-term incentives and you've got long-term incentives. They're applied to the population of leaders. Plus the benefits that are relevant to the country.*

In addition, the organisation's own cultural values and legacy influences the type of performance rewards that it offers. By rewarding leaders in a way that aligns with these values, trustworthy behaviours are developed. A particularly innovative reward practice is used in JLP.

Innovative practice

Non-financial rewards (JLP)
John Lewis's focus on benevolence means that they emphasise non-financial rewards over financial incentives. As such, it offers its employees a wider range and breadth of reward packages based on what they value most, including holiday centres, subsidy for theatre or opera tickets and sports clubs. As a result they attract, develop and reward leaders who align with their meaning of trustworthiness.

Some of the organisations still experience challenges in setting up a consistent approach to performance assessment. This includes for example the HMRC, where leaders seem to struggle with holding difficult conversations around low-performing employees. The organisation is currently addressing that concern through focused development and talent management activities. For others, such as the Church of England, there are no formal performance criteria in place. Instead performance here is assessed through forms of collective sanctioning, accessible for example in the stories that people tell about leaders in the organisation.

Summary

As this shows, our case organisations make use of a range of practices to select, develop and assess trustworthiness. In summary, we get the sense that it is much easier for the organisations participating in our study to assess and develop trustworthiness when they associate it with ability and predictability. In cases where trustworthiness is mainly about integrity and benevolence, some organisations make use of development tools such as master classes, activity-based learning and case studies. However, assessing these quantitatively is much more challenging and hence there is a stronger focus on making judgements based on personal interactions and having a *sense* or *feel* of the person.

An important point in relation to trustworthiness was made by an interviewee from GKN, who suggests that *'the organisation has to value trustworthiness for it to flourish'*. We would think that all of our organisations are high-trust environments and hence they clearly care about either explicitly or implicitly developing and assessing trustworthiness in their leaders.

Thus, our analysis suggests that, on the one hand, focusing explicitly on trust in the selection, development and assessment of future leaders takes courage, particularly when faced with the preconceptions of some who might not think of it as important:

> *We've got the whole toolkit, we've got everything there. It is just how we use it. We can choose to really emphasise that trust is important to us and appoint people who are clearly trustworthy, or who set about earning the trust of people. Or*

we can choose not to. That's how we will be judged and that's how everyone will act in the organisation. Because they will all look up. If you look up now you see a group of people you can trust.' (HR Manager, HMRC)

On the other hand, what we also saw in our case studies is that organisations seem to have a dominant preference for certain characteristics in how they define trustworthiness. This does not mean that each of these is mutually exclusive. Instead, in many cases our participants describe a combination of characteristics. However, what seems to be important is understanding the underlying assumptions that organisations have in mind when thinking about trust and trustworthiness as this seems crucial in order to cultivate trustworthiness in leaders. These assumptions are part of what we will refer to as the ecosystem of trust and will discuss in depth in the following section.

2 The ecosystem of trust

In this section we look more closely at the organisational ecosystem that allows trustworthy leaders to thrive.

Types of trustworthiness

Let us begin with the variations in the meaning of trustworthiness. Based on the characteristics of trustworthiness, we distinguish these four types (Figure 3).

Type 1 – Emphasising ability

Our empirical material suggests that some organisations define trustworthiness strongly based on capability and competency. A trustworthy leader is someone who is capable of 'getting the job done' for which they carry responsibility. This involves a variety of skills and capabilities. First, there is the technical element as leaders should have the appropriate level of technical knowledge that is required of them in their field. This may include an awareness of processes and products. Also, capability is contained in knowing about the social dynamics that are underpinning work. As such, leaders should know 'people in the organisation' as well as 'people outside their organisation' who may be central to their department and task.

One of the examples for this type of organisation is Unilever, which is structurally divided into a range of different divisions and specialisms. As such, to work effectively, people across the organisation have to rely on the expertise and specialist knowledge of their colleagues in order to provide high-quality products to their customers:

> *This whole structure is dependent on me trusting the experts to give me something which I can then go and deploy and consumers are going to like.* (Senior Manager, Unilever)

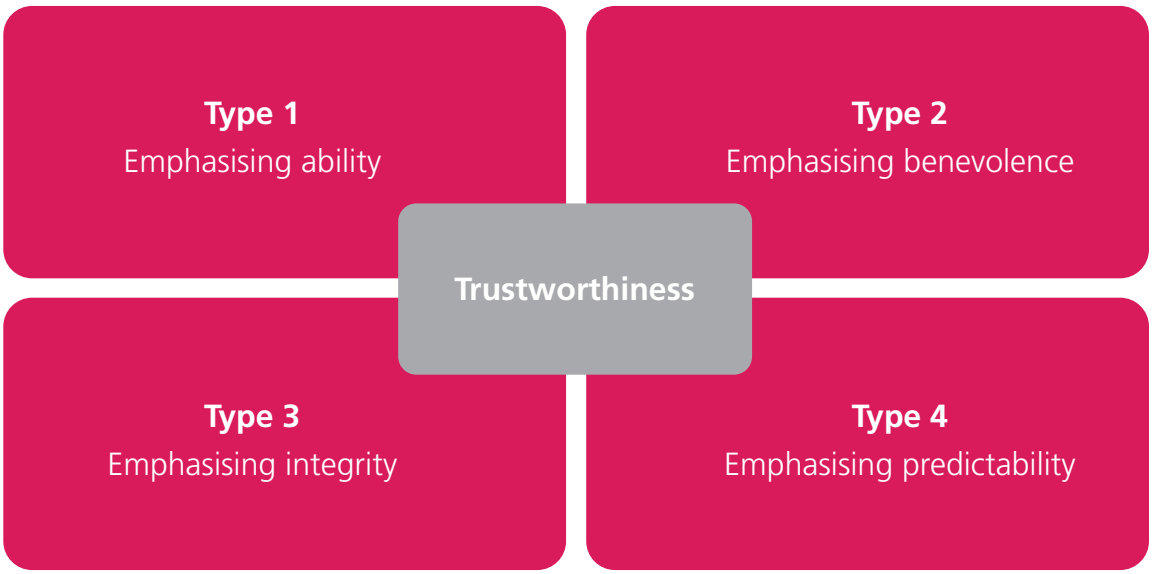
In an organisation such as Unilever, perceptions of trustworthiness are strongly dependent on having confidence in someone's skills and knowledge. One of our participants refers to this in the following way:

> *I think it's about… trusting, having confidence in somebody else's knowledge, their skills,… so that you don't – you're not second guessing them all the time.* (Senior Manager, Unilever)

Another participant likened the importance of showing capability to the scenario of a pilot flying a plane. In the role of the passenger, trust would be primarily defined based on the pilot's skills, knowledge and qualification, rather than their potential to be compassionate or act in a moral way:

> *It's a bit like when you're on a plane: you trust the pilot is adequately qualified to do whatever they are meant to be doing. So, within the competence there is trust of an individual and there's also trust of functions of the*

Figure 3: Types of trustworthiness



organisation, the competence to do something and this is where you'll see variability within colleagues even within a function that you know somebody is more competent than the other in terms of what they're doing. *(Senior Manager, Unilever)*

Other organisations also emphasise the importance of ability in order to perceive someone as trustworthy. This includes BAE Systems. Here ability is mainly linked to performance, evident also in the strong focus on numerical data in leader assessment and development. In order to be seen as a trustworthy leader, performance targets have to be met and exceeded, hence capability and competency is key:

> *Senior leaders have the responsibility of building winning teams, high-performing teams. So the perform bit is objective-setting … being able to articulate how we go about differentiation of performance, how we classify performance ratings themselves, so we understand what good looks like. We understand what exceptional looks like. You have to hit everything and exceed everything to become exceptional.* *(Manager, BAE Systems)*

This expectation to show capability is so deeply engrained in the organisation's operation that one respondent even refers to it as a *'slam dunk'*.

An additional example is that of GKN. GKN has a financially driven culture which values ability strongly:

> *Meeting your targets and objectives. It's all about track record and that's the price of entry [to leadership].*

While there are potential strengths around assessing trustworthiness mainly based on ability, such as sustained performance, achievement and objectivity, a too great emphasis may also come with drawbacks. For example, as numerical assessment of leadership potential is at the core, this may come with the risk of ignoring the wider story of the individual. As one participant describes, this may evoke a 'tell culture' or 'blame culture' rather than a culture that is about conversations and development. In addition, a too great emphasis on ability may also mean that leaders show behaviours that are detrimental to the wider good of the organisation as they emphasise individual achievements over collective goals.

Potential risks of Type 1

- A too strong emphasis on numerical data may ignore the wider story of the individual.
- A too strong focus on ability may lead to undesirable cultures as leaders try to emphasise individual achievements over collective goals.

Type 2 – Emphasising benevolence

Examples of organisations which emphasise benevolence in their interpretation of trust and trustworthiness are the John Lewis Partnership (JLP) and the Church of England (CofE). Most defining about JLP is that it is employee-owned. As a result, strong relationships and interpersonal interaction are central to the organisation. Underpinning these is a strong sense of benevolence, also summarised in the organisation's core principle, 'Principle #1', which sees the ultimate purpose of the Partnership as ensuring the happiness and satisfaction of its members.

When asked to describe a trustworthy leader, a senior member of JLP uses terms such as I *'felt that he cared about me as an individual'*, he *'made it a fun and dynamic working environment'* and he *'demonstrated his ability to work the internal politics to the advantage of us as a team, as a whole'*. All of these are representative of benevolence, hence this is important for JLP.

The second example of an organisation that clearly emphasises benevolence is the Church of England (CofE), the officially established Christian church in England. Trust, and particularly benevolence, is central to the CofE, most evident in their culture of compassion. Here a trustworthy leader is someone who shows that they care and has their employees' best interests at heart, combined with an aura of genuineness:

> *A trustworthy person, I mean I think it's very interesting we've got a new Archbishop, and I think he's commanding quite a lot of trust, people are feeling they can trust him. I think it's about understanding that someone has your best interests at heart, that they really care about what happens to you, your team, whatever. That's probably the main thing actually; that they genuinely care what happens rather than just kind of treating you as a unit of production or a cog in a machine.* *(Senior Leader, CofE)*

Someone who is perceived to be trustworthy *'knows how to love'* and *'pour himself out for people'*. The relationship between leader and individual is characterised by servitude. At an organisational level, listening to individual concerns, recognising individual needs and taking care of members of the

organisation in times of crisis are all defining characteristics of trustworthiness.

The third example that we would like to present here is that of Day Lewis. The organisation has a strong trust culture, which is particularly evident in its high level of support and concern shown to its employees:

> *There is a high level of trust, care and respect for employees, which is paid back in the form of loyalty and dedication. Day Lewis has created an excellent culture of mutual support and respect supported by effective initiatives such as CSR, fun days, the annual staff conference, monthly Friday lunch involving support office and warehouse staff – all reinforce the family ethos. (Investors in People Report, Day Lewis)*

The risk of emphasising benevolence over other characteristics such as ability, for example, may mean that organisations could particularly experience low work accountability from individuals. Members of Day Lewis voiced this concern, for example, but are actively addressing this through various structural changes. As a result, organisations such as JLP and Day Lewis are concerned with developing a more adult relationship between their members as performance and ability have started to play a stronger role in leadership selection and development.

Potential risks of Type 2

- A too strong focus on care and compassion may result in a paternalistic culture where work accountability and ownership is low.
- High benevolence may lead to low acceptance of process and practices.

Type 3 – Emphasising integrity

Here, organisations mainly perceive of a leader as trustworthy when they act with integrity. An example of this is BBC Worldwide, where integrity is embedded within the brand and exists in relation to its members as well as its external stakeholders:

> *[The BBC] is a highly trusted brand and maintaining that is really important. We would never do anything that would intentionally harm [the reputation of the brands].*

In addition, the events of the past and the resulting public scrutiny has further emphasised the need for BBC Worldwide to be acting with integrity. When being asked to describe an example of a trustworthy leader, participants suggest the following:

> *She openly communicates. She's very honest. She's quite transparent with what she does and where she's trying to go – and she's got very good leadership skill, so she will set the direction. So you're very clear the path you need to follow, rather than perhaps being shrouded in mystery. Even though she sits away from us, she's very approachable and she's also very clear on what she's trying to achieve. She's just open and honest with us, which immediately just creates trust. (Senior Manager, BBC Worldwide)*

An additional example of an organisation that emphasises integrity in their interpretation of trustworthiness is HMRC. Following a challenging couple of years, participants described how they trust the new leadership team as they are planning *'big change with the right intentions'*. Having the right intentions can be seen as directly linked to perceptions of integrity. Integrity also manifests itself in being honest, transparent and not exploiting internal or external stakeholders. For example, HMRC's new CEO is perceived to be seen as trustworthy as she *'tells the truth, doesn't back down and doesn't shy away from things'*. Thus, communicating with superiors in a way that recognises their *'right to know the truth'* is central here.

None of our case organisations really identifies any downsides to behaving with integrity – quite the opposite. A great majority of our respondents suggest that a trustworthy leader for them is first and foremost someone who is open, honest and transparent. This is deemed particularly important in situations of crisis. Also, many articulate the need to increase their levels of integrity with internal and external stakeholders by behaving with high integrity.

However, it seems as if integrity needs to be accompanied by a level of care and compassion in delivering difficult messages and finding the appropriate channels. Trustworthy leaders need to also have the ability to deliver difficult messages in the appropriate way using the right means. One of our participants from Aberdeenshire Council describes this ability as telling people in a *'gentle way'* and in *'a way they can handle it and absorb it'*. As such, there may be a risk that organisations ignore the other pillars of trustworthiness such as ability, benevolence and predictability when putting too much emphasis on integrity.

Potential risks of Type 3

- May risk ignoring other pillars of trust such as ability, benevolence and predictability by focusing too much on integrity.

Type 4 – Emphasising predictability

Aberdeenshire Council is one of our case organisations where predictability is seen to be important. This diverse organisation, which employs people in a wide variety of roles, emphasises predictability in the context of behavioural consistency. Here, leaders are seen as trustworthy when they *'do what they say they're going to do'*.

In addition, predictability is strongly linked to consistency in performance. This includes expectations in terms of delivering on deadlines and standards that have previously been agreed upon. At an organisational level, predictability is *'one thing the council is good at'* as its members and customers expect it to work like a well-oiled machine in terms of its processes and procedures.

However, focusing too much on predictability runs the risk of stifling innovation and personal development, as a senior manager in BBC Worldwide suggests:

> *…that's almost seen as a negative that people can't be spontaneous. They can't innovate.*

It also seems as if predictability may be associated with giving employees less space to explore and make mistakes. As such it reduces the possibilities for empowerment which are perceived to be important by many of our respondents in leadership development:

> *…so, we are risk-aware, and we will take risks, where appropriate – and help employees to be creative and innovative and take a risk. Don't punish them for doing things differently, praise them for taking a risk and praise them even more if they succeed.* (Senior Manager, Aberdeenshire)

> *…hold others accountable and themselves but on the other hand also allow people to try and learn and make mistakes. So although we hold people accountable and that to be a, you know, theme, they should also have the space to make mistakes without immediately being punished for it.* (Senior Manager, Unilever)

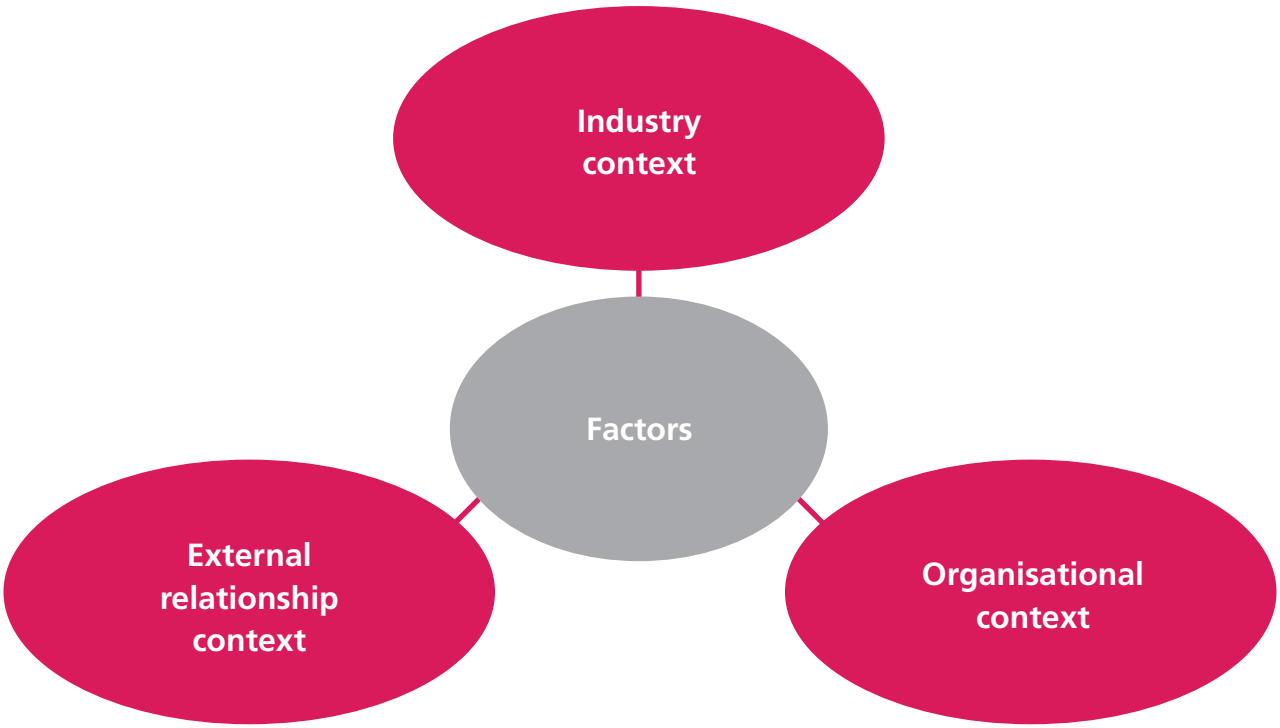
Potential risks of Type 4

- A too strong focus on predictability may stifle innovation and employee empowerment.

Factors influencing the meaning of trustworthiness

We identified some overarching similarities in our case organisations that enable us to group them based on their definitions of trustworthiness. We came up

Figure 4: Factors influencing the meaning of trustworthiness



with the overview in Figure 4. This overview shows the factors that form part of the trust ecosystem.

First, across our organisations, we see how the industry context plays an important role in determining meanings of trustworthiness. For example, in public service organisations such as Aberdeenshire Council, predictability is key, given the nature of work in this sector. Similarly, organisations that operate in very specialist contexts, such as BAE Systems and GKN, emphasise the ability of their leaders, linking with the strong technical and knowledge focus of this sector.

Second, the organisational context itself plays an important role. This includes elements such as organisational heritage, structure, size and strategy. As we see in the case of JLP, for example, its partnership structure emphasises relational working and personal interactions. As such, benevolence rated particularly strongly in importance. In addition, the organisation's prior history or legacy as well as its future vision influence how they think of trust. As such, even though benevolence has played a strong role in the case of JLP, the organisation's future vision is to become more commercially and capability focused, which puts greater emphasis on ability looking ahead. A similar development also happens in Day Lewis, which is trying to strengthen its processes to increase task ownership.

Third, the extent to which external relationships are central to the way of working of the organisation tends to influence the focus they put on trust. BBC Worldwide, for example, by the nature of its financial operations and integration with the BBC, has to show accountability and openness to its customers/audiences. This in turn means that the organisation puts a strong emphasis on integrity. This is also the case for ABN AMRO, where external trust relations have suffered as a result of the financial crisis, particularly as stakeholders have questioned the lack of integrity in this sector.

What we also see is that in order to be seen as trustworthy, leaders do not have to be perfect at all times. Many of our participants across various organisations described how they are willing to accept that their leaders make mistakes without necessarily losing trust in them, as long as they are honest about it and allow others to hold them accountable:

> *It is about accountability actually. It's how to be challenged without being defensive because as soon as you get defensive, you undermine the question and you create an environment in which people are not comfortable to challenge. But when you're accountable, you can say, yes, that is what it is and I'm comfortable in my own skin and I made that choice because the business charges me with the responsibility of making those decisions because that's what my job is.* (Senior Manager, John Lewis)

This is important because employees want their leaders to be role models for them, someone they can aspire to be like and connect with at a more personal level:

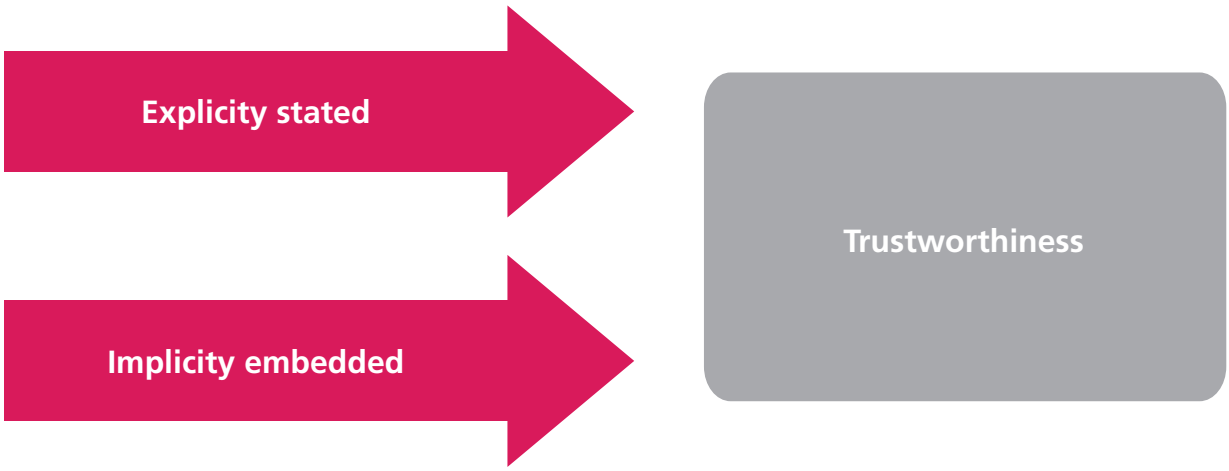
> *I think being a role model is more than only from nine to five. People want to see in a role model what kind of person you are, how you act with your wife and children.* (Manager, ABN AMRO)

> *They should be able to have a laugh and a joke as well.* (Senior Manager, BBC Worldwide)

Trustworthiness as explicitly stated and implicitly embedded

In addition to distinguishing between the various meanings that organisations seem to propose in

Figure 5: Trustworthiness as explicitly stated and implicitly embedded



relation to trustworthiness, we also identified differences in terms of how trust manifests itself in various contexts. We here distinguish between *explicitly stated* notions of trust and trust as something that is more *implicitly embedded* (Figure 5).

Explicit statements of trust are most often found in an organisation's values and mission statements. In many organisations trust is embedded in its guiding values. This includes for example the HMRC, which has the Civil Service Values of *honesty, integrity, impartiality and objectivity* at its heart.

Similarly, in the case of Serco, trust is one of its foundational building blocks. *'To build trust and respect'* is one of Serco's governing principles. Thus, trust is explicitly stated as part of the organisation's values. It is these values that *'are a key reason many individuals choose to join'* Serco. People who join Serco do so because they want to *'serve communities'*.

But trust can also be something implicit which exists at a deeper level. This is, for example, the case at Day Lewis, where trust is not necessarily talked about explicitly but is *'subliminal and part of the psyche'*. Trust here is seen as an *'umbrella above management and leaders'* and is seen as *'special'*.

Similarly for the Church of England, trust manifests itself most strongly at the relationship level. This includes the relationship with God, which is strongly trust-based, as well as the interactions with the congregation and other clergy. In addition, based on the religious principles contained in the holy writings of the Bible, trust is seen as something that is fundamentally given rather than something that needs to be expressed explicitly.

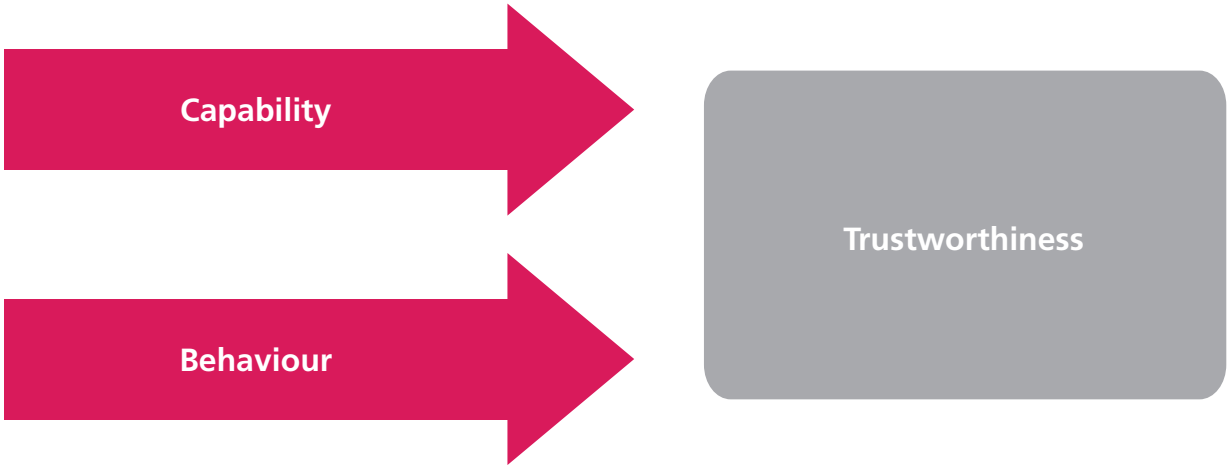
Trustworthiness as capability or behaviour

This distinction leads to another set of conclusions around the meaning of trustworthiness. This links to the dominant understandings in any organisational context about where trustworthiness resides in leaders, either as a *capability* or *behaviour* (Figure 6).

Organisations that see trustworthiness mainly as a *capability* tend to fall into type 1 and type 4 in that they emphasise ability and predictability. Being a trustworthy leader is first and foremost about having specific skills and delivering results, often measurable in relation to a set of KPIs. At the same time, leaders are required to show evidence of a proven track record and consistent performance vis-à-vis a range of goals. From this perspective trustworthiness is something an organisation can test and assess fairly easily. Thus, here the focus is on the *what* of leadership defined through measurable performance indicators.

On the other hand, organisations that seem to associate trustworthiness mainly with showing particular behaviours tend to fall into type 2 or type 3. These organisations care mainly about integrity and benevolence. For leaders to be seen as trustworthy they have to behave in a way that is congruent with the organisation's values as well as a broader set of moral codes. Also, how leaders interact with their staff, for example the need to show care and compassion, is perceived to be important. Here, trustworthiness becomes more difficult to test as it mainly exists embedded in the *how* of leadership, which exists in leadership behaviours and interactions.

Figure 6: Trustworthiness as capability and behaviour



Summary

In this section we have focused on the ecosystem of trust. As such, we have distinguished between four types of organisation which each emphasises one of the characteristics of trustworthiness. Each of these has strengths and weaknesses. Hence we are not suggesting that one is 'better' than the other. Instead, there are combinations of factors – such as the industry context, the organisational context and the external relationship context – which influence the meaning of trustworthiness.

Our empirical material suggests that in order for leadership selection and development practices to foster trustworthiness, these first of all need to be aligned with the predominant interpretation of the meaning of trustworthiness within the particular organisation. Thus we would propose that first, developing an awareness of what trustworthiness means in the organisation and then, second, setting up practices that support the development and assessment of trustworthiness which fits this meaning are important for the cultivation of trustworthy leaders.

In order to illustrate this, for Unilever, leaders first and foremost have to be seen as being capable of doing the job they are supposed to do. The assessment practices used by the organisation, such as their *'3+1 targets'* as part of their annual performance review, put a clear emphasis on the development of ability, which in turn aligns with their strategic emphasis:

> *They have got a clear set of targets, there are development plans in place for people to try and meet those targets … we invest greatly in the upscaling and development of our people, which hopefully enhances their ability.* (Senior Manager, Unilever)

However, some characteristics of trustworthiness appear to have had more 'slack' than others. What this means is that in certain situations employees are willing to accept lower levels of some of the attributes of trustworthiness, such as ability, while others have to be kept high at all times, for example integrity.

It is important to note that while the examples presented here seem to emphasise one characteristic of trustworthiness, this does not mean that other characteristics are not important. For example, in the case of Unilever, we detected a strong focus on ability, evident in the organisation's concern for knowledge, skill and expertise. At the same time, however, acting with integrity at all times is deeply embedded in the cultural heritage of the organisation.

As a result, we propose that rather than seeing these as mutually exclusive and trying to fit each organisation into different types, developing awareness of what trustworthiness means within a given context is a foundational piece to develop trustworthy leaders and organisations.

3 The interplay between trust and practices and policies

When we look at the interplay between trust and leadership selection and development policies and practices, we realise that most of our participating organisations suggest that their practices help to increase trust by either *strengthening the individual trustworthiness of their leaders* and/or *strengthening the trustworthiness of the organisation* itself. We summarise some of the themes in the following sections.

Strengthening trustworthiness of individuals

HR practices may help to increase individual trustworthiness in various ways:

- selection techniques such as evidence-based, values-based and whole-person-based interviewing, referrals as well as assessment centres build trustworthiness through increasing evidence about the individual
- development practices such as action learning increase leader self-awareness around weaknesses and strengths which may build trust in oneself as well as the human element of leadership
- development practices such as master classes and training courses increase consciousness of the needs of others, such as the need to trust and be trusted
- assessment practices such as 360-degree feedback increase trust in individual leaders by providing evidence of trustworthiness as well as creating trust relationships through open exchange and sharing
- by rewarding behaviours that are perceived to be trustworthy, trust is recreated
- practices help to build evidence by formalising 'gut feel' and 'cross-referencing' sources.

Strengthening trustworthiness of organisations

Similarly, HR practices may help to increase trustworthiness at an organisational level by:

- creating platforms for conversations and open dialogue about trust
- building trust relationships across the organisation by creating cross-team exchange line manager involvement
- increasing consistency, objectivity and transparency through selection and development practices leading to increased perceptions of integrity, inclusivity and hence higher levels of trust
- receiving external recognition for practices helping to build organisational trustworthiness internally and externally.

When policies and practices challenge trust levels

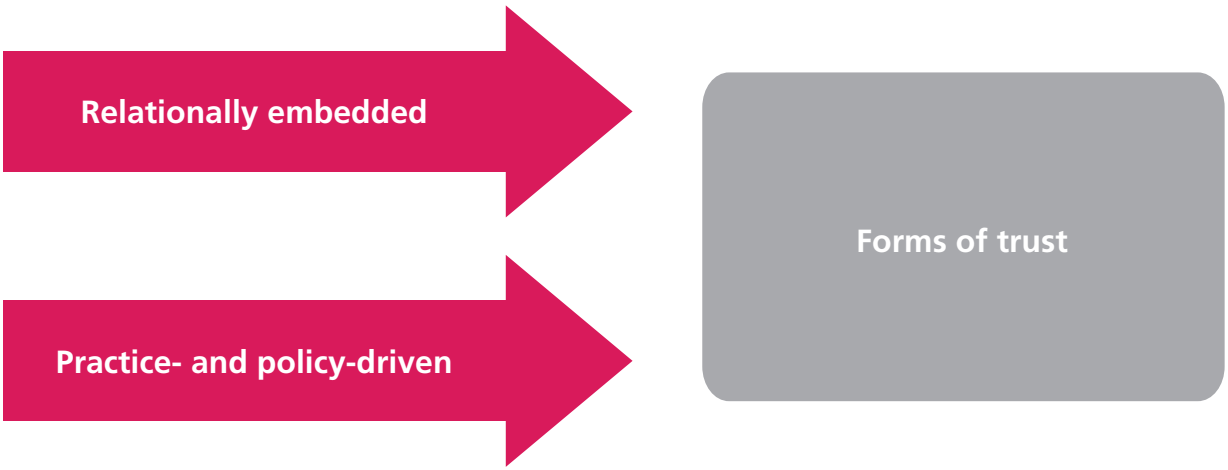
While overall most of our participants described a positive relationship between practices and trust levels, some also expressed their concern about a possible negative relationship between the two. This is particularly the case when there are perceived to be *'too many'* rules and regulations, which could be interpreted by individuals as *'we don't trust you to do things'* or *'we command and control you to make sure the things are done'*. As such, there is a suggestion that too strong a reliance on practices may result in an environment where there is low trust in people.

In addition, there is also a concern that as organisations introduce more practices and policies, there is little possibility for individuals to earn trust. As we have seen before, trust is built as individuals are empowered and given space for experimentation. However, when an organisation becomes too concerned with adhering to policies, this space ceases to exist. Similarly, policies and practices only 'come to life' when they are implemented by people who believe in them being good for the organisation and the 'right thing to do', rather than a box-ticking exercise.

So what then seems to be important in order to create an environment of trust and trustworthiness is that practices and policies evolve alongside the personal and relational side of trust. Trust is about accepting vulnerability of someone else and, as we have shown in our previous report (*Where has all the trust gone?*), is primarily relational.

However, a strong relational focus may also challenge trust levels. For example, when manager and employee are personally close, this may hinder their ability to have those difficult and 'hard conversations', because when it's *'relationship-based people want to be liked and it's hard to find a way to do that tough conversation in a way that you're still liked'* (Senior Manager, BBC Worldwide).

Figure 7: Forms of trust



In other cases, a strong relational focus may result in low levels of accountability for one's work.

Based on our research, we thus propose that organisations may draw on two different forms of trust: *relationally embedded trust* and *practice- and policy-driven trust*. Depending on various contextual factors, one of these may be dominant.

Some of our participants suggest that what is needed is a balance between these two by, for example, letting go and taking control. Others talk about having a bit of both: on the one hand a culture where *'trustworthiness becomes an automatic and the norm'* and on the other a framework in place that *'ensures people act in a certain way that then delivers trust as an outcome'* (Senior Manager, BBC Worldwide).

The extent to which an organisation may favour one or the other depends on a variety of factors, such as its industry, culture, history and so forth. For example, we may expect manufacturing or technology organisations to emphasise policies and practices as well as safety, as we have seen in the case of BAE Systems. Others, based on their legacy and type of organisational structure, may value relationships more *'by nature'*, such

Figure 8: Getting the balance right between practice and policy and relational trust

is the case for John Lewis and BBC Worldwide.

We summarise our findings in terms of the two forms of trust in the matrix above. There within, we distinguish between four types:

- *Highly personal and relational but low attention to process:* Here relationships are the focus and this is where trust mainly resides. There is only low emphasis on practices and processes to support the development of trust. An example of this type of organisation is Day Lewis. Trust is strong between the members of the organisation at an interpersonal level, supporting *'most of what we do'*. However, in terms of HR processes Day Lewis is still in an early stage as it is currently engaging in various strategies to increase the rigour and consistency of its practices such as online recruitment and development tools.

- *High process but impersonal and non-relational:* Based on our empirical material, we would consider BAE Systems to be a practice- and process-driven organisation. BAE has a range of leader development and assessment practices in place which underpins their culture of *Total Performance.* Generally within BAE there is a strong focus on numerical data. Thus, the characteristics of trustworthy behaviour are mainly assessed as part of the wider performance assessment practices. For example ability is tested linked to the core competencies of leaders while predictability features strongly in the need for sustained performance, tracked as part of a leader's history within the organisation. However, the organisation is currently trying to foster higher trust relationships by reducing the dependency on numerical controls. Striking the balance between practices and process and relationships is an ongoing concern for BAE's HR professional, who in the long term would like to create a high-trust environment which enables a *'lightness of processual touch'* where consistency and dynamism work in harmony:

  > *It's trying to find that balance between letting go in a culture which actually likes controls. And we're engineers so tell me what to do, all that sort of thing. But not letting go too much, not letting go completely because I think to just take everything away, actually people will just look and go 'oh my god, I don't know what to do now.*

- *Balanced approach of high process and strong relationships:* Most of our organisations combine a relational with a practice and policy approach. Some of them such as Unilever have strong relationships built on integrity as part of the organisation's legacy. This is also the case for HMRC, where trust is about behaving with integrity in interaction with others. In both cases this is paired with practices and policies that aim to develop and assess trustworthiness in leaders. With BBC Worldwide moving to a regional structure, it's about balancing relationship trust with policies and procedures to keep strong governance and move at speed in the market. In addition, we also see that as external stakeholder pressures have got stronger, for example in the case of the financial industry, organisations tend to put greater emphasis on practices and process in order to communicate to their stakeholders that they take their concerns seriously.

  Another example of a balanced approach would be JLP. As we have suggested previously, here trust relationships run throughout the organisation as a virtuous cycle connecting each and everyone: the individual, the leader and the organisation as a whole. Based on these relationships high levels of accountability co-exist with benevolence towards each other. Leaders here are encouraged to take their employees with them and inspire them, rather than directing them on what to do:

  > *It's not just a just do it organisation. You need to take people on the journey with them.* (Senior HR Professional, JLP)

  Importantly, JLP's leadership selection and development practices help to strengthen its partnership structure as the main building block. For example, the whole-person interviewing approach enables them to assess potential leaders beyond skill and competency. By questioning candidates about their lives outside of work, they make sure that their behaviours and values align with the culture of the organisation. This in turn enables them to further develop their own dominant understanding of trustworthiness which emphasises mutual care and purpose.

- *Little process and non-relational:* These are what we would call low-trust environments. Here relational trust is low and there are no or very few practices and policies in place. Given our focus on high-trust organisations, none of our cases fits in this category.

Even though we do not suggest that one or the other approach is 'better' as this depends strongly on a variety of situational factors, what we see in our data is that organisations that take a 'relationships first' approach tended to have a higher trust environment. Thus, building *up and on* strong relations seems to be important in order to protect and preserve trust consistently over time. In many cases, relationships provide the platform and foundational ground for trust and it seems to us that practices and policies need to reinforce these, rather than undermine them.

Conclusion

In this second report on trust we have focused on two main themes: (1) the *cultivation of trustworthy leaders*; and (2) the *ecosystem of trust*.

In the first section of the report we presented the range of leadership selection, development and assessment practices that our case organisations use in the *cultivation of trustworthy leaders.* In some of these, trust is explicitly stated. In others, it seems more implicitly embedded. We have emphasised particularly innovative practices, such as whole-person interviewing used by the John Lewis Partnership, Oxford University Hospital's piloting of values-based interviewing and interviewing practices that engage stakeholders, such as the Church of England and Oxford University Hospital.

What we see is that explicitly developing and assessing trustworthiness in leaders still takes courage, particularly in relation to leaders behaving with integrity and benevolence, as trust often plays an implicit role. We also see that our case study organisations seem to have a certain preference for how they define trustworthiness in their leaders. Some seem to emphasise ability, while others are more concerned with integrity. This led us to conduct a more thorough analysis into the underlying assumptions that organisations have in mind when thinking about trust and trustworthiness. To us, this seems crucial in order to cultivate trustworthy leaders. These assumptions are part of what we refer to as the ecosystem of trust which we discussed in the second section of this report.

The *ecosystem of trust* describes how in organisations the meaning of trustworthiness differs based on a variety of contextual factors. We distinguished four types of organisation into their dominant meaning of trust and presented their strengths and weaknesses. We also presented the range of contextual factors that influence what being a trustworthy leader actually means, such as the industry context, external relationship context and organisational context. In addition, we distinguished between trustworthiness as explicitly stated or implicitly embedded as well as seeing trustworthiness as a capability or a behaviour. All of this was done to show that organisations need a more fine-grained understanding of what a trustworthy leader looks like in order to be able to cultivate them in an effective way.

In the third section of this report we looked at bringing these two main themes together by analysing the interplay between trust and leadership selection and development policies and practices. We showed how practice can strengthen trustworthiness of leaders as well as organisations. We also pointed out some of the challenges that organisations still face, particularly when there is a perception that there are too many rules and regulations which in turn may create an environment of low trust. We presented four types of organisations based on their emphasis on 1) relationships and 2) practices and policies and summarised these in a matrix. As we have shown in our first report, *Where has all the trust gone?*, trust is primarily relational and we believe that this needs to be recognised by organisations in order to cultivate trustworthy leaders.

We will continue our trust journey in a third and final report. In that we will move from cultivation and the ecosystem of trust to looking at how trustworthy leaders create trust with their employees and how employees experience this.

We hope you have found this second report thought-provoking and interesting. We would like to close by thanking all our participating organisations and additional supporters for their time and effort, which enabled us to delve deeper into the exciting field of trust.

Appendix 1: The case studies

Aberdeenshire Council

Background

Aberdeenshire is a predominantly rural area in the north-east of Scotland. Traditionally, its economy has been largely built on the primary sector, including agriculture, fishing and forestry. Over the last 40 years, the oil and gas industry has contributed to the area's growth and brought with it a strong population growth. Aberdeenshire Council employs approximately 15,000 people and as such is the biggest single employer in the council area. It is divided into six local areas with an annual revenue budget in 2012–13 totalling £548 million.

Aberdeenshire Council comprises various employee groups, broadly structured into Education, Learning and Leisure, Corporate Services, Housing and Social Work, and Infrastructure Services. Each of these is headed by the appropriate director and led in its entirety by the chief executive, Colin Mackenzie. It is a very diverse organisation which employs people in varied roles, including environmental services, planning, roads and landscapes, teaching, sports and leisure, customer service, social work and others. As such it offers employment opportunities for people from very different backgrounds, skill sets and motivations. Given its embeddedness in the national government structure, it does not offer its employees incentive-based pay schemes. This appears to cause some challenges, particularly in the attraction and retention of future leaders.

Trust context

The meaning of trust within Aberdeenshire Council is varied and depends on individual interpretations. Trust as such is not explicitly stated in any of the organisation's documentation but all participants communicated its importance. Generally, participants rate their organisation as average to high on the various characteristics of trustworthiness. There are also several examples of when the organisation was perceived to have behaved in a trustworthy manner. For example, during a major savings programme it was important to treat employees in a benevolent manner, or with *'compassion, dignity and respect'*. As a public sector organisation, not only trust relations between senior managers and their local staff are important, but also the relationships between elected members and the officers as well as with the community are seen as crucial.

Leadership assessment and development practices

Aberdeenshire Council is currently undergoing a review of its assessment and development practices. At the heart of it is the development of a robust leadership pipeline helping to attract, retain and develop the future leaders of the organisation, which it has currently identified as one of its challenges: *'In some areas yes, in others I don't think it's a pipeline, it's a trickle, if that makes sense. A pipeline to me implies a constant flow, but we do struggle in quite a lot of areas.'* This is combined with a desire to hire people for potential rather than wanting to see a *'finished product'*.

For the recruitment of senior leaders a robust recruitment system seems to be in place, comprising executive search functions, interviews and assessment. A final number of candidates for senior leadership positions are presented to an appointment panel. As one of the final steps in its recruitment, a social evening event is held with politicians who are involved in the recruitment decision-making. In addition to the formal process, candidates are often initially identified informally through existing networks.

Central to the council's leadership assessment and development practices is the competency framework, which is applicable to service managers and above and which varies based on leadership seniority. There are several overarching competencies, including *'providing direction'*, *'collaborative working'*, *'change management'* and *'achieving success'*, for which effective behaviours have been identified. These competencies are, for example, underpinning the leader's job profile and guide the interview process: *'The job profile will include a competency framework which is for Aberdeenshire Council. That's got four leadership competencies in it and we do publish that so we ask candidates to evidence how they meet those competencies in their supporting statement.'*

Performance is annually assessed as part of the Employee Annual Review (EAR), which at its foundation is the same for all employees. For senior officers this performance review

is called a Chief Office Appraisal (or COA) and for teachers the Performance Development Review Scheme (PDRS). Trustworthiness is implicitly assessed, particularly in relation to ability and predictability, which are linked through the appraisal of performance continuity. In terms of leadership development, development practices include action learning activities, specialist workshops and leadership master classes.

Trustworthiness is implicitly assessed and developed in these practices. Some participants proposed that through development activities, self-awareness and trustworthy relations could be built: *'By raising awareness of the importance of these things and doing things such as action learning, and things like profiling, people become much more aware of themselves, how they are perceived and understood and therefore the importance of trust to others regarding them.'*

Impact of policies and practices on trust

Several participants expressed how existing practices create an environment of trust. For example, offering employees the possibility for homeworking is considered a sign of trust, as leaders trust their staff to *'actually do what they say they do when they're at home for the day'.* As a result, relational trust could be built as well as the trustworthiness of the individual in terms of their ability and predictability. In addition, through cross-team development workshops, trust relations can be developed by creating an environment of open dialogue and respectful sharing.

At the same time, there also seems to be a need for individuals to trust in the various HR practices. For example, in terms of recruitment, senior decision-makers have to be able to trust in the practices to produce the right outcomes which are beneficial to the organisation and its members. Similarly, HR professionals have to trust others involved in the recruitment process to behave in a trustworthy manner with candidates. As such the practices provide an important link in fostering dual-trust relationships. However, caution was also expressed as a too strong reliance on practices may replace the need for trust at the level of the relationship. This is perceived as a risk, particularly when practices are introduced in order to counter risk aversion.

Examples of trustworthy leaders

Examples of trustworthy leaders mainly describe leaders who are honest communicators, even when communicating difficult messages, who act with integrity and who would put the organisation's interests before their own: *'I think an element of that is they give the impression they put others before themselves, and the interest of the organisation before the interest of their service, and create an impression that they want to do what's best; and best for their organisation but also best with the individual as well, and that's short, medium and long term.'*

Not punishing mistakes, being supportive in allowing one's employees to take risks and a good understanding of the needs of one's followers were also expressed: *'… what we're trying to teach leaders is they're not leaders unless they are followers; and those followers require certain things and amongst those things are trust. That word trust may encompass so many things but it is like a reliability in the way loyalty and belief, those terms will be getting used as well as trust, but it's to help leaders understand if you're going to lead you're to follow.'*

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• *Predominantly external*: lack of internal talent pool • *Informal*: initial identification of candidates through existing networks • *Formal*: structured process in place (profiling, interview, assessment centre, meeting councillors over canapés)	• Implicit, through recruiting against competency framework and reputation in the network
Development	• *Various practices, including*: service training plan, action learning, leadership master class	• Implicit, through awareness-building around trust and competency framework
Performance assessment	• *Annual employee performance appraisal (EAR)* • *Chief Officer Appraisal (COA)* • *Professional Development Review Scheme (PDRS)*	• Implicit, through assessing ability and predictability in performance appraisal
Reward	• *No performance-based pay*: due to public context	
Overall emphasis	• Ability • Predictability • Benevolence and integrity expected but not purposely developed or assessed	• Trustworthiness mainly embedded in ability and predictability, linked to competency framework

ABN AMRO

Background

ABN AMRO is a Dutch-based and state-owned bank headquartered in Amsterdam with a history dating back 300 years. Its current chairman, Gerrit Zalm, the former Dutch finance minister, was appointed in 2009 following a combination of acquisitions and break-ups involving the Royal Bank of Scotland, Santander and Fortis, which ultimately led to the nationalisation of the bank and its current organisational structure.

By the end of 2012 ABN AMRO employed just over 23,000 full-time employees, following a reduction in the workforce due to restructuring efforts. ABN AMRO's staff service retail, private and commercial banking customers in the Netherlands as well as worldwide. Its reported operating profit for the year of 2012 was €948 million, showing a strong increase from the year before.

Trust context

Exceeding customer expectations by '*retaining their trust*' is central to ABN AMRO's approach. Regaining the trust that may have been lost in the financial turmoil of the last years and preserving it as the bank heads towards a promising future are both important parts of its strategy. Trust is also at the heart of the cultural change that the organisation is currently going through by emphasising moral behaviours, values and integrity of all employees across organisational levels, but specifically of their leaders and managers.

Leadership assessment and development practices

ABN AMRO's approach to leadership centres around five key themes: strategic integration, internal development, focus on values and behaviours, self-development and inclusivity. First, ABN AMRO's leadership practices are closely embedded and aligned with its strategy. Both seem to evolve in synergy with each other. One element of this strategy is to '*become a top-class employer*' and leadership development is seen as a key element in that. In addition, our respondents emphasised how the organisation aimed to develop a stronger managerial and leadership mindset linking back to its long-term strategic goals. This sees leadership as a specialism in itself, focusing on three leadership roles: people leadership, performance management and personal leadership.

Future leaders are mainly recruited internally in the bank. Having a robust pipeline and providing opportunities for growth for employees is thus paramount. This also becomes evident in the specific development programmes which are tailored for the various levels of managerial seniority. Who will become part of the development programme is decided jointly by the appropriate line manager and an HR representative in order to ensure that both the human aspect as well as the strategy is aligned. Looking ahead, ABN AMRO is concerned with developing a more holistic and inclusive approach to leadership development which recognises and unleashes the talent potential in each and every one of their employees rather than focusing on a selected few.

The bank's greater emphasis on values and behaviours has led them to introduce a range of practices such as leadership guidelines and competencies, in order to assess and develop how people '*perform as human beings*'. One of these is the *Leadership Quality Guideline,* which is aligned with the strategic vision of ABN AMRO and provides a central guideline for all in the organisation. In addition, it is currently developing ways on how to improve the assessment of the values of their leaders. Interestingly, ABN AMRO also seems to focus more on individual self-development in that employees take responsibility for their career and professional development. One of these practices is a personal e-survey that is specific to the individual where he or she can assess their development needs.

Impact of policies and practices on trust

Generally all participants seemed to agree that trust levels increase as a result of leadership policies and practices. For example, their more inclusive approach to leader selection by opening up possibilities to all employees within the firm was perceived to be *'more transparent and open and accessible for everyone'* and hence to create trust. In addition, the more personalised approach to leadership development was seen to offer an opportunity for leaders within ABN AMRO to better get to know themselves and develop a sense of authenticity. This in turn was seen to positively influence their trustworthiness with others.

Currently trustworthiness is only partly explicitly assessed, featuring mainly at the recruitment stage. Here, for example, interview practices check for the ability of prospective employees. In addition, trust features in the employment engagement survey, which is going to be more closely linked to the performance assessment of leaders. Our participants generally agreed that bringing the assessment of trustworthiness to the forefront was important but challenging to implement at the same time.

Examples of trustworthy leaders

Examples of trustworthy leaders mainly describe someone who is seen as acting like a role model in

terms of integrity and predictability: '*When the manager doesn't practice what he's preaching or she's preaching I think there's no basis for trust.*' In addition, ability was also perceived to be important: '*He's capable of doing his job. He knows what's going around. He knows the process and products and he knows he has to overview his organisation. He knows people in the organisation or when he's a new leader he knows people outside his organisation. So the competence of the leader*'. In addition, trustworthy leaders were supposed to have a '*vision*', be '*inspiring*', treating others with '*respect*' and showing their '*vulnerable side*'.

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• Mostly internal, some external • *Competency-focused interviewing*	• Explicit assessment of ability • Implicit assessment of other characteristics
Development	• *Developmental 360* • *E-survey*: Self-guided needs assessment • *Alignment with strategic needs* • *Succession development* • *Development propositions for all staff*	• Implicit
Performance assessment	• *Annual talent review* • *Twice-yearly performance review* • *9-box grid* • *Engagement survey* • *KPIs* • *Performance management system*: 60% output, 40% development/behaviour	• Mainly implicit • Some explicit assessment in engagement survey
Reward	• *Fixed bonus system*	
Overall emphasis	• Generally greater engagement with meaning of trustworthiness in leaders	• Mainly implicit but increasingly explicit

BAE Systems

Background

BAE Systems is a global defence, security and aerospace company, headquartered in London, with home markets in the UK, US, Australia, India and Saudi Arabia. The organisation was formed in 1999, resulting from a multi-billion-pound merger of Marconi Electronic Systems and British Aerospace. BAE Systems is listed on the London Stock Exchange and forms part of the FTSE 100. The organisation had annual revenues of nearly £18 billion in 2012. In the UK, BAE is one of the leading suppliers to the Ministry of Defence (MoD). In the US, its subsidiary BAE Systems Inc. is one of the six largest suppliers to the US Department of Defense. Some of its major projects include the Eurofighter Typhoon, the Astute Class submarines and the Queen Elizabeth-class aircraft carriers. It is also the UK's largest manufacturing employer and employer of engineers and as such contributes £3.3 billion to the UK's GDP. Globally, BAE Systems employs around 85,000 employees, 35,000 of which are based in the UK.

The organisation itself is structured hierarchically, relying extensively on established processes and procedures, and operates in a highly regulated environment. This impacts on its global talent pool of around 7,000 leaders, particularly in relation to talent mobility. Recently, the environment in which BAE Systems operates has become more competitive, customer-focused and volatile, requiring more dynamism and flexibility of the organisation. As a result, BAE has started to introduce a culture shift away from being heavily process- and task-focused, in which the human resource function takes a central role.

Trust context

Trust is explicitly stated as one of BAE's core values: *'Trusted – We deliver on our commitments.'* While it seems as if this mainly emphasises the importance of ability, other characteristics of organisational trustworthiness are addressed in the organisation's values as well: *'We are honest and take responsibility'* (integrity), *'We can be relied upon'* (predictability) and *'Everyone matters'* (benevolence). Linking back to these values, trust and particularly the capability of building trust is also embedded within BAE's leadership competencies. These competencies are underpinning leadership development, performance measurement as well as selection. As a result, behaving in a trustworthy manner is central for current and future leaders of BAE.

Leadership assessment and development practices

BAE puts strong emphasis on the development and assessment of leadership behaviours. To support decision-making in these areas, it makes use of various practices. This includes a 360-degree performance assessment, yearly performance reviews based on a set of defined competencies which are contained in the *Total Performance Leadership Framework*, and, mainly for leader selection, psychological profiling and interviews. The *Total Performance Leadership Framework* is BAE's central unifying framework that is underpinning their culture of *Total Performance*. As such it clarifies the behavioural standards that the organisation expects of its leaders, building on four key elements: perform, assess, develop and reward. In addition, each leader has a personalised development plan which identifies and guides their development needs. This is aligned with the core competencies that are required of leaders as well as the strategies of the various departments and BAE as a whole.

Generally within BAE there is a strong focus on numerical data. This underpins the identification of talent within the organisation, making it strongly measurement-focused. Achieving high performance is emphasised at an individual level as well as team level: *'Senior leaders have the responsibility of building winning teams, high-performing teams. So the perform bit is objective-setting. … being able to articulate how we go about differentiation of performance, how we classify performance ratings themselves, so we understand what good looks like. We understand what exceptional looks like. You have to hit everything and exceed everything to become exceptional.'*

Importantly, our participants particularly emphasised the development of the future generation of BAE's leaders, which is aligned with environmental changes as well as its long-term strategy: *'Where we are getting to with that is around defining what the critical capabilities are, so in our resource review process that we have, each of the businesses produces a sort of an insight summary which is saying here is my strategy and here are the people implications of that.'* At the same time, there is a concern to further promote those behaviours which enable the organisation to maintain its strong core values. Creating the balance between the two is one of the challenges that BAE has identified for the present and future.

The characteristics of trustworthy behaviour are mainly assessed implicitly during performance assessment. For example, ability is tested, linked to the core competencies of leaders, while predictability features strongly in the need for sustained performance, tracked as part of a leader's history within the organisation.

Impact of policies and practices on trust

Our participants emphasised the importance of introducing more trust into the organisation's leadership selection and assessment. They approached this endeavour in two ways. On the one hand, in order to increase transparency and hence trust, a set of objective selection practices was introduced. This is important to address the perceived lack of predictability as well as clarity. At the same time, there is a desire to further foster high-trust relationships by reducing the dependency on numerical controls, shifting from mandating requirements to empowering line managers to take ownership for processes. Striking the balance between the two is one of the ongoing concerns of BAE's HR professionals, with the aim of, in the long term, creating a high-trust environment which enables a *'lightness of processual touch'*, where consistency and dynamism work in harmony: *'It's trying to find that balance between letting go in a culture which actually likes controls. And we're engineers so tell me what to do, all that sort of thing. But not letting go too much, not letting go completely because I think to just take everything away, actually people will just look and go "oh my god, I don't know what to do now".'*

Examples of trustworthy leaders

Many of the leadership behaviours described as exemplary refer to the need for predictability, clarity and integrity, evident in low levels of self-interest, and the importance of putting the requirements of the organisation first in order to be seen as trustworthy: *'Trust should be around that belief that another individual or an organisation will do and say – say something and then follow through and do it but will do it in a way that is – what's the word I'm looking for? It's kind of got that integrity.'* At the same time, taking care of others and treating them fairly is perceived to be important, as even though BAE can be seen as a highly structured and processual organisation, it is built on strong relationships and personal interaction: *'This is a very consensual organisation. It is deeply based on relationships.'*

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• Combination of internal and external	• Implicit: job specifications
Development	• *Individual development plan* • *Developmental assessment centres* • *Four-quadrant model of development* • *Leading for total performance*: leadership intervention in order to introduce meaning of leading change, clarity and purpose	• Implicit: development of behaviours congruent with leadership competencies
Performance assessment	• *Total Performance Leadership Framework:* central integrative framework built around perform, assess, develop and reward • *Performance benchmarking:* competitor comparison	• Implicit: through performance assessment, particularly relating to ability and predictability
Reward	• Performance-based bonus • Long-term incentives	• Implicit: through rewarding ability and predictability
Overall emphasis	• Ability • Predictability • Integrity • Benevolence	• Mainly assessed through numerical data

BBC Worldwide

Background

BBC Worldwide is the commercially focused and wholly owned subsidiary of the British Broadcasting Corporation (BBC). As such it works to support the public service mission of the BBC while maximising its financial gain in a way that is consistent with the BBC's values. BBC Worldwide is a global organisation with seven geographical markets grouped into four regions: UK, North America, Australia and New Zealand and global markets including Asia, Latin America, Western Europe and Central and Eastern Europe. Providing high-quality BBC content to audiences across the globe is at the heart of its operations. The organisation's financial performance has seen growth, with its annual sales rising to £1,116 million in the year of 2012–13. During 2012 BBC Worldwide reorganised its business from a geographic to regional focus. In October 2012 Tim Davie was announced as the new chief executive and he took up the post in April 2013.

Trust context

Trust is the *'foundation of the BBC'*, where it is stated as one of its values. As part of the BBC, trust in BBC Worldwide itself also resides in the values that are underpinning its culture as well as the longstanding personal relationships of employees. Generally, organisational trustworthiness is rated highly, particularly in terms of integrity towards its members and external stakeholders. From this perspective, trust is at the core of the BBC: *'[The BBC] is a highly trusted brand and maintaining that is really important. We would never do anything that would intentionally harm [the reputation of the brands].'*

As a result of the restructuring and the shift in focus from divisional to global lines of business, this has highlighted the importance of trusting relationships between the regions' offices and corporate London centre and the need for leaders to make decisions for the wider good of the organisation.

Leadership assessment and development practices

There are various leadership assessment and development practices in place. Developing talent from within through programmes such as *Inspire* and *Atlas* seems to be a priority for the organisation. As a result, it invests considerably in its high-potentials. In order to fill strategic positions that cannot be filled with internal candidates, a combination of external specialised recruitment agencies and existing networks are often made use of.

As a result of the structural changes, BBC Worldwide has also introduced global policies and procedures in order to govern and align its international operations and to create a global leadership core. The HR function has taken a central role in this: *'I think that my aim and intention or one of the things that I want to provide value in is ensuring that in introducing global programmes that they are not UK globally applicable but that they are genuinely global and are effective and reflective as that international piece.'*

Some of these practices include, for example, a recently developed global competency framework and scoring grid which assess values and those leadership behaviours when recruiting. A greater focus on global operations also requires leaders who have the skills to balance national and international needs and work with a global mindset. The *'ability to be trustworthy'* is seen as central to working in this new structural environment as it enables leaders to be adaptable and make decisions quickly on a global scale. Behaving in a trustworthy fashion most often means showing integrity and ability. Benevolence is almost perceived as something so central to the organisation that it does not have to be assessed. There is a fine balance between focusing too much on predictability and running the risk of stifling innovation and personal development, as a senior manager in BBC Worldwide suggests: '*…that's almost seen as a negative that people can't be spontaneous. They can't innovate.'*

Generally, BBC Worldwide seems to adopt a combination approach of explicit and implicit assessment techniques of its current and future leaders. Given the organisation's emphasis on culture, the ability to demonstrate behaviours that are congruent with its cultural values is central to leadership. These are initially assessed during the interview stage and continue to play an important role in daily social interactions and work relationships. In addition, they become more explicit in job descriptions and annual performance reviews. The organisation has also set up a live 360-degree feedback environment, where candidates for the *Inspire* programme receive on-the-spot feedback from seven to eight people consisting of peers, people they report to or who report to them. The purpose here is also to promote openness and honesty in the feedback process.

Impact of policies and practices on trust

The strong emphasis on social relationships means that there is some concern around the introduction of formal policies and procedures. As a result, several interviewees emphasised that processes have to work alongside the company culture, helping to strengthen it, rather than replacing it. This is achieved by, for example, focusing on the outcome of the

process rather than the different formal elements underlying it as well as by communicating its advantages.

Many perceive the benefit of a more formal approach in introducing a sense of trust into the company. For example, while previously the internal selection process had at times lacked in transparency and clarity, by introducing standardised performance practices, the organisation's integrity and hence its trustworthiness could be increased: *'It's integrity to the process, both for the person that's selected but also the people that aren't and it's about being as objective as possible.'* In addition, by carefully managing the appraisal and performance review process, an environment is created where feedback is more openly and honestly shared by managers and their reports. This helps to deal with what was described as some anxieties around the giving and receiving of particularly negative performance feedback.

Examples of trustworthy leaders

Interviewees most often referred to their CEO, Tim Davie, when describing examples of trustworthy leadership. Frequently it was Tim's openness that was emphasised: *'"Hey guys, this is how I want it to be, nothing to hide, not going to beat you up over it, I just need to know what's happening." So I think that's one example.'*

In addition, examples of trustworthy leadership include good communication, sharing of information, being honest and transparent, making time for people while *'making them feel special'* as well as putting the good of the organisation before one's own agenda. At a global level, being a trustworthy leader means upholding the values of the organisation in a context where these at times may be challenged in emerging markets with cultural differences.

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• *Combination of internal and external* – Head-hunters and relational networks – Greater focus on internal talent pipeline going ahead • *Collaborative approach* to role profiling: involving senior managers and HR • *Global role framework:* consistent job description format	• Explicit in role specifications • Implied by referring to values and importance of interpersonal relationships, empowerment and communication in interviewing process
Development	• *Corporate leadership programme* built around multiple tiers and assessment stages • *BBC Worldwide Executive Committee (WEx)*: leadership group • *WEx plus*: talent to join the WEx group • *Atlas and Inspire*: emerging leaders programmes • *Leadership coaching*: skill- and behaviour-focused	• Implicit through developing leadership behaviours that align with the organisation's strategy and culture
Performance assessment	• *Annual talent review*: employee driven, based on nine-box grid around company values, core competencies of role and organisational strategy • Leadership assessment programme involving live 360-degree feedback and psychometrics	• Explicit testing through performance vis-à-vis values and role specifications • Implicit through proven track record within organisation
Reward	• *Bonus plan:* 75% company objectives, 25% individual objectives, no long-term incentive plan • *Compensation beyond pay*: development opportunities as reward	• Explicit linked to achievement of personal objectives
Overall emphasis	• Global integration and consistency	• Trustworthiness as leadership behaviour

Church of England

Background

The Church of England (CofE) is the officially established Christian church in England. It is organised into two provinces, each led by an archbishop. These are the Archbishop of Canterbury for the Southern province and the Archbishop of York for the Northern province. Each province is divided into dioceses which are structured into boards and councils responsible for various aspects of the Church's work. There are 41 in total in England as well as clergy and congregations in other parts of Europe, Morocco and Asian parts of the former Soviet Union. This research focuses on one of these dioceses.

Each diocese in turn is built from benefices, which are overseen by a priest. The parish is *'the heart of the Church of England',* emphasising the importance of the local community and high involvement of the parish priest. Her Majesty the Queen is the Supreme Governor of the CofE and as such has a formal role in the appointment of senior leaders within the church. The senior leadership team in the organisation generally involves bishops, deans of cathedrals and archdeacons, or in this case the diocesan secretary who is the lay chief executive, as well as the director of training. Currently, there are 108 bishops who engage, together with others, in the synodical government of the CofE.

Trust context

Trust is central to the Church of England, most evident in their culture of compassion. This relates most strongly to the concept of benevolence in the definition of trust. At the same time there is strong emphasis on integrity, most often linked to morality. Both benevolence and integrity seem to be strongly embedded in the legacy of the CofE and its role and importance historically. Many of our participants also rated their organisation highly on these two characteristics. Importantly, in terms of the characteristics of trustworthy leaders, ability seemed to also favour highly with our respondents.

Trust exists most strongly at the relationship level in the CofE. This includes the relationship with God, which is strongly trust-based, as well as the interactions with the congregation and other clergy. The evidence provided by clergy for promotional candidates for example is highly trusted and hence an important promotional decision-making tool. In addition, based on religious principles trust is seen as the starting point, something that is fundamentally given rather than something that needs to be built. The definition of trust as accepting vulnerability resonated with several of our participants. Accepting vulnerability and actively sharing one's vulnerabilities of one's *'private life'* with the members of one's congregation was perceived to be central in building trustworthiness.

Leadership assessment and development practices

Leadership selection is formalised in terms of the procedural steps that are involved in selecting future leaders. This includes, depending on the level of seniority, initial conversations, specific job descriptions and application documents, the gathering of references, job interviewing and national selection conferences. Particular focus is put on the personal and written references that are received about a candidate by other clergy. However, selection practices in themselves are often lacking in formality and are highly relationship driven. This also includes the relationship with God and the notion that God is 'calling' candidates to a particular role. The emphasis on relationships becomes evident in the importance placed on the consultation process. This practice of information-gathering helps to establish the fit of the proposed candidate and may involve specific representatives of the CofE such as the bishops as well as, quite uniquely, the larger congregation, who may become aware of the procedures involved through the Church newspaper: '*Certainly in the Church press – so anyone who would regard themselves as a Church member would know that they can write in, but in theory anybody can. And people do.'*

In addition, leadership selection depends on the level at which the leader is recruited. Generally the CofE follows a flat structure. For example when recruiting people for ministry, that is, when decisions are made on who to ordain, there are nine specific criteria, including personality and character, against which recruitment takes place. In addition, for the appointment of archdeacons and deans, open advertisement takes place. However, this is not the case for the level of the bishop, where positions are not openly advertised. Central to the process is what is referred to as the 'preferment list', which is a national artefact, containing a list of names of potential leadership candidates, which functions similarly to a talent pool. In addition, candidates may also come from outside this pool. Candidates will have been added to the list by the Diocesan Bishop who centralises the decision-making in this context. In addition, depending on the seniority of the leader to be chosen, the selection process may involve the highest representatives of the country such as Her Majesty the Queen and the Prime Minister.

Leadership assessment in the CofE differs compared with the corporate world. Some consistency is encouraged through the ministerial

review scheme, which could be described as a soft 360 assessment and which is conducted every 18 months alternating between peer review and senior leader review. This is mainly led by the reviewee and the reviewer takes predominantly a developmental role: '*I think the whole ethos of the scheme is one of trust because it is strongly led by the person being reviewed because our starting point if you like is, we trust you to want to do your job to the best of your ability and develop yourself. So our starting position is, we trust you to engage with that, and we're here to help you do that, not, we don't trust you to do that so we're here to make sure you do whether you want to or not, so the scheme itself is set up in quite a soft way.*' This is specific to the diocese in our study though and may vary across others.

Trustworthiness is mainly assessed implicitly in these practices. The Bible in itself gives guidance on the meaning of trustworthy behaviour. Establishing one's personality and character in congruence with the propositions of the Bible is perceived as important. As such, leaders need to be seen as being authentic in following and living by the holy writings. Most importantly, given the significance of relationships and consultation, assessment takes place at a level where untrustworthy behaviour may be collectively reprimanded and the story that people tell about each other becomes a powerful informal assessment tool. The Church is special in this way as it has its own unique disciplinary structure with many checks and balances.

Similarly, leader development is individually driven and the CofE provides a range of development opportunities that members can sign up for as part of the continuing *Ministerial Development Programme*. This includes for example work-based learning groups, coaching and mentoring and training programmes run together with other organisations. Overall, well-being and the development of relational skills, conflict management and networking within and beyond the CofE are emphasised during these development programmes, again underpinning the importance of personal relationships. However, leadership development is not only facilitated through training programmes and the like, but also happens through what may be described as *'development through pilgrimage'*. This practice describes how senior leaders of the CofE tell stories in their local parishes as well as to the wider clergy about very positive initiatives and exemplary leadership behaviours, which encourages others to exhibit similar behaviours.

Impact of policies and practices on trust

There seems to be some ambivalence around how the recently introduced selection, development and assessment practices and processes have impacted on trust among the members of the diocese and the organisation. On the one hand, for example, the development programme around well-being suggests that the Church cares about its members and provides evidence of this benevolence in the form of financial investment. As such organisational trustworthiness may have increased: '*I think why well-being is important to trust is because it's the sign that we mean it, when we say we care about people and we want them to flourish and we feel responsible for that at some level. That's the tangible sign if you like. The fact that we're putting money into it and person power, it's a visible sign, the evidence if you like that when we say we care, we actually do.*'

At the same time, participants suggested that practices such as the review scheme help to build individual trustworthiness and one's personal trust story. However, a sense of caution was expressed as well in that an increase in processes and procedures may lead to diminished levels of trust as they overemphasise rationality.

Examples of trustworthy leaders

Examples of trustworthy leaders often referenced the importance of honesty, loyalty and integrity, the need to be good at conflict management and building relationships as well as exhibiting an aura of humility, living sacrificially and being a serving leader. Characteristics such as setting a vision or what was referred to as '*making the weather*' were seen as important at a very senior level such as archbishop. For lower levels in the hierarchy, being seen as able in performing the role one was *'called to'* perform, was deemed as essential for a trustworthy leader.

Several of our participants also agreed that being, first of all, aware and secondly, transparent in terms of one's own limitations was important. Thus being seen as authentic and open about the *'feet of clay'* seemed to be required in order to be perceived as a trustworthy leader: '*That's easy, and I think this might be helpful in as much as I'd say there are people who I knew had feet of clay and were quite transparent about it. The clergy that I admired as a young priest who were of heroic proportions to me were the people who were – they were honest about who they were. You could see where the holes were but they added up as people because they weren't pretending.*'

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• *Internal recruitment*: Leadership level • *Formally structured process*: Job advertisement, Application document, Interviewing, Preferment list, National Selection conferences • *Relationship driven:* Referencing, conversations • *Variability in practices:* Depending on level	• Implicit through establishing fit with religious values
Development	• *Ministerial Development Programme*: Self-driven emphasising relation skills and well-being • *Development through pilgrimage:* Storytelling as means of development	• Implicit through relationship-building and learning about exemplary leader behaviours
Performance assessment	• *Ministerial review scheme*: Self-driving, soft 360 assessment conducted • *No formal performance guidelines*: Collective sanctioning and individual voice	• Implicit through personal stories
Reward	• *Lack of financial incentives:* Incongruent with Christian values	
Overall emphasis	• Benevolence • Integrity • Ability • Predictability	• Emphasis on benevolence linked to compassion and integrity linked to morality

Day Lewis

Background

Day Lewis is the UK's and Europe's largest independently owned pharmacy chain. The company was founded in 1975 by Kirit Patel when he acquired two pharmacies in Southborough. By 1986, he had added 30 more pharmacies with a team of people, many of whom are still part of the business today. Over the last 30 years the company has grown into a group with more than 200 pharmacies across the country and a central distribution network. The group of pharmacies has annual sales in excess of £180 million and employs more than 1,700 people. In 2005, its founder was awarded an MBE for services to pharmacy. The firm remains family-owned, run by the first and second generation of the Patel family.

Trust context

Trust is not explicitly talked about at Day Lewis; but it is *'subliminal and part of the psyche'*. Interviewees very much feel that because Day Lewis is a family business its culture *'has to be one of trust and respect'*. All interviewees spoke of the high levels of trust in Day Lewis overall and the high levels of trust in leaders: *'trust in Day Lewis is off the scale'*; *'here you can be your "absolute best" self'*; *'trust is the umbrella above management and leaders – it is special.'* They consistently score the organisation highly on the organisational trustworthiness measure but are not complacent about success and capability. All interviewees agree about the high level of support and concern shown to Day Lewis employees.

The recent Investors in People (IiP) report, which encompasses the views of over 100 staff, further highlights the strong trust culture: *'There is a high level of trust, care and respect for employees, which is paid back in the form of loyalty and dedication. Day Lewis has created an excellent culture of mutual support and respect supported by effective initiatives such as CSR, fun days, the annual staff conference, and monthly Friday lunch involving support office and warehouse staff – all reinforce the family ethos.'*

Leadership assessment and development practices

Not that much recruitment and selection activity takes place at senior levels in the organisation because there is a culture of loyalty and long service. However, for the selection and assessment that does take place, the organisation uses a recently developed competency matrix, monthly meetings with their managers, the annual performance review process, 360-degree feedback, staff survey feedback in their area of the business and in some cases feedback from the founder of the organisation.

Day Lewis has also recently put in place a new regional support structure, recruiting or promoting internally four regional managers as well as 12 regional support managers. This is part of a *'devolution to the field'* strategy. The competency matrix for these roles focuses much more on behaviours and values than skills. The roles were advertised both internally and externally and candidates took a psychometric online test and a competency-based interview. As the focus was on values and behaviours, successful candidates underwent intensive skills training and development on a monthly basis in their first year. Trust is implicit to the competency matrix – *'we don't talk about trust explicitly but it supports most of what we do.'* Instead interviewees said they talk about *'honesty and integrity with discipline, loyalty and family values'*.

The approach to recruitment and selection has undergone huge improvements. While previously there was a tendency to recruit friends, family and known people (this applied specifically to branches), the business is now developing an online recruitment tool and only a small defined group of managers in the business actually recruit. The process has become more rigorous and competency-based interviewing is very much in evidence. The business realised that, with the exception of pharmacists and certain specific support office roles, attitude and cultural fit is more important than experience and qualifications. Restricting the number of managers who can take recruitment decisions has led to a higher level of consistency.

The organisation has also in the last year set up a Next Generation Board, at senior management level, to develop practical experience and understanding of running the company and what the founders expect of the board. Interviewees talked about the current board being a clever and deliberate mix of family members and senior people with external expertise brought in to complement the current expertise and allow family members to focus on their strengths.

An online learning academy has also created a culture that genuinely values learning and the exchange of knowledge and information to drive individual and organisational performance.

Impact of policies and practices on trust

Day Lewis has recently won a gold medal with Investors in People and the report finds the organisation to be *'one of the only examples of an organisation that as it grows larger, the values grow stronger'*. Interviewees put this down to the recruitment, assessment and development systems working in

practice – *'recruiting on values and attitudes and teaching on skills'*. People are described as truly *'living the values'* and that *'it is evident by the way people behave, how the organisation is'*.

When thinking about the characteristics of trustworthy leaders identified by Mayer et al (1995), interviewees felt their leaders would probably score highest on benevolence and integrity, while ability and competence are being constantly developed and they are certainly not complacent around how good they are and their success. Some felt that an even greater focus on 360-degree feedback would be helpful in further developing leaders' awareness of self and others.

Part of the organisation's business growth strategy is through mergers and acquisitions and in these circumstances an ability to be seen as trustworthy and believed is crucial. Interviewees expressed their understanding of this and the importance of letting people know as much as possible what is going on: *'This can be a very stressful time for people. You have to be honest. If it is bad news, tell them – explain why – consultation is on the table.'*

Interviewees talked about an emphasis on inclusive leadership, with clear and consistent communication, which is also highlighted in the IiP report: *'You have successfully endeavoured to ensure genuine staff engagement and an open culture, where asking questions is welcome, people are quite clear of what is expected of them, including the behaviours. They also frequently commented on the considerably improved flow of information, which makes them feel trusted and empowered. This in turn motivates your people to perform even better. … This aspect has improved considerably and is down to a more inclusive management style being adopted.'*

Some are concerned that the culture of extremely high trust levels also means that they run the risk of low accountability from certain individuals. But steps around performance management are currently being put in place to address such issues as well as aligning processes with strategy and getting the balance right between empowerment and consistency. In fact, a new department has recently been set up to focus on aligning processes with strategy. This will help to increase people's ownership of tasks. But there is a strong awareness to strengthen processes in the right way, which is beneficial to all parties and does not take away people's freedom to act, nor does it stifle innovation: *'This should provide them with better feedback about how their tasks are being performed and create a better alignment to the core values of the business which should in turn increase trust.'*

Examples of trustworthy leaders

Interviewees shared several examples of trustworthy leaders in Day Lewis. Many referred to the consistently trustworthy behaviour of the CEO, Kirit Patel: *'Kirit is the company – trust him and trust Day Lewis.'* Others talked about Tim Rendell's ability to *'engender an environment of trust'* and develop his team, bringing together support office workers and field-based staff as one team.

According to our interviewees, the things that make trustworthy leaders stand out are: *'communicating clearly and honestly'*; *'having an interest in individual people'*; *'surrounding themselves with people who complement their skills'*; *'acts, speaks, behaves and thinks consistently with what they believe in'*; *'knowing when to inform and when to consult'*; *'bringing people together, talking to people and finding out what they think'*.

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• Selection for senior positions via a psychometric online test and recently developed competency matrix.	• The new competency model focuses more on behaviours and values than skills tapping into a candidate's trustworthiness
Development	• A Next Generation Board at senior management level to develop practical experience and understanding of running the company and what the founders expect of the board. An online learning academy has also been developed.	• Implicit
Performance assessment	• Assessed through monthly meetings with managers, 360-degree feedback, the annual performance review process and in some cases feedback from the founder of the organisation.	• An explicit focus on behaviours and values
Overall emphasis	• Benevolence • Integrity	

GKN

Background

GKN is a long established global engineering group, operating four divisions, GKN Driveline, GKN Powder Metallurgy, GKN Aerospace and GKN Land Systems. Currently there are approximately 48,000 employees, operating out of around 150 manufacturing locations in over 30 countries around the world. The group faced a serious decline in sales in 2008 and 2009, but since then sales have been growing each year in all four divisions.

Trust context

A lot of importance is given to trust within GKN, with a lot of named individual leaders being mentioned as exemplars of trustworthy leadership. Interviewees also talked positively about the fact that trust was particularly high when the difficult redundancy situation took place some four to five years ago. They believed this was due to the huge effort the leadership team made to communicate to the employees and to keep them in the loop as to what was going on during this difficult economic time. This meant that *'predictability'* at this time was very high. People were being told when decisions were being made and were being consulted.

While a lot of emphasis continues to be placed on trust now there seems to have emerged somewhat of a mismatch between trust in the individual line manager and trust in the organisation/senior leadership, with trust in the individual line manager being much stronger. The group HR director suggested *'we're struggling to crack what drives trust. We have conversations about it all the time, but it doesn't (explicitly) drive any of our policies'.*

A place where trust is explicitly addressed is in the GKN engagement survey and the more regular monthly *'positive climate index'*. Here questions are asked about *'trust in your leader'* and also about *'trust in leadership'* and this reveals some interesting anomalies. The question: *'I'm able to talk in confidence to my boss about matters that are important to me'* normally scores highly, in the top three. However, *'there is a high level of trust between employees and leadership'* scores in the bottom three.

The HR director of one of the divisions (Driveline) also reflects on the paradox that they traditionally score low on trust in senior/group leadership and very high on trust in local leadership. *'In the past we've not been as good as we should have been in communicating… people feel very comfortable and identify very positively with local leadership. But leadership at group level has tended to be a little bit remote (with the exception of the recession in 2008/09 when the leaders went out of their way to be better at communicating).'*

Leadership assessment and development practices

GKN have various levels of leadership. There is an executive team of just under 100 leaders (out of the total workforce of circa 48,000), and then a further group of circa 560 further managers who have responsibility for a business or a location, and it is the development and assessment practices relating to these two groups that the interviews focused on primarily.

One interviewee made the interesting distinction in terms of these two leadership groups' levels of influence, *'I think it depends on whether you're talking about influence on the culture of the organisation or influence on some of the business decisions. The influence on business decisions will be through the executive team of 100, but when you're talking about the culture of the organisation, those 600 or so go right the way through to the leaders of the sites. Now that's we're we've got the majority of our people.'*

The recruitment process for this cadre of leaders (particularly those at the senior end of this group) includes an assessment element, focusing on personality aspects to really understand how the person will *'fit'* into the GKN culture. The group HR director explained that probably three out of four hires at this level are internal promotions: *'we've always got a bias to the internal person because we know them, warts and all, and we know how they behave and their fit with us'.*

For the external hires, potential candidates tend to meet a number of GKN people as part of the recruitment process, again to try to get a good view from all parties of what the *'fit'* is.

In terms of development practices, every leader has a development plan, which focuses on the leadership and behavioural rather than technical areas for development. The completion of a development plan is a requirement of everyone's personal objectives which form part of the overall performance management system that GKN has in place. GKN also have in place a competency model against which leaders' performance is measured. This has four separate quadrants to it covering experience, capabilities, personal attributes and knowledge. This forms the basis of the performance and development conversation and off the back of this the development plan will be established.

This process is applied consistently for all leaders whatever role

they're in and wherever they're geographically located. Development programmes are also designed and rolled out to different levels of leaders on the back of the competency model.

One interviewee reflected *'I think the organisation has to value trustworthiness for it to flourish… you're sort of getting into the nature versus nurture debate. In GKN, our development programmes seek to make those that are already good at this (trustworthiness) better, but also seeks to give the kind of toolkit in terms of behaviours, values etc to those coming through, to say this is how you need to behave to be successful'.*

While it was recognised that the performance management system in place in GKN is good, with the vast majority of people receiving performance reviews, a couple of the interviewees reflected that in GKN people tend to shy away from having difficult conversations. The group HR director expressed how the people at GKN are *'quite nice and one of the things we're trying to get better at is giving feedback and receiving feedback, particularly having difficult conversations'.*

With regard to the processes and decisions around reward, there are now processes and policies in place which can't be bypassed, and so which determine levels of pay and bonus and are rolled out annually on a worldwide basis. And specifically with regards to the pay and bonus of the top 600 or so employees, this is based on a combination of financial and strategic measures. This is the first year that the strategic measures (which lend themselves less to being measured objectively) have been introduced and it was quite a step for the business to take. However these do not explicitly focus on behaviours rather on the *'what'.*

Policy and practice gaps and the impact of these on trust

GKN has a financially driven culture. This was seen as positive by the interviewees, for example, it meant that the leaders *'have an edge'.* However, at times it can lead to tensions between policies and practice.

The director of talent management and development reflected, *'We get a lot of feedback from the assessment interviews (which focus on behavioural aspects) where the delegates say, "we get this. We get the behaviours we need to demonstrate. When are you going to tell the ones at the top"… Our delegates on all programmes feel they want to behave in a certain way but their leader doesn't let them.'… 'How much of that is truth and how much is an excuse I'm not sure. I would say it's probably somewhere in the middle.'*

Another interviewee reflected that *'The top drives the behaviours and the top are solely focused on financials and delivery.'*

A possible explanation for the low trust scores in leadership highlighted in the first section is because of inconsistent behaviours demonstrated by the senior leaders in minor but nonetheless visible actions they are seen to take, for example parking in the visitor car park (despite being given feedback), high levels of corporate entertaining.

Another low employee engagement score highlighted in the first section concerns the question *'I have career opportunities'.* Again a possible explanation given for this was due to many positions being filled by internal succession planning and not being advertised.

And another perceived inconsistency that one of the interviewees flagged that could explain lower trust levels in the leadership was to do with flexible working. *'Flexible working patterns were introduced (as a means of saving jobs) during the downturn. However, now the economy has recovered, this option is no longer available, which people don't understand.'*

A final example of potential perceived gaps between policies and practice builds on the issue of difficult conversations and its potential negative impact on trust. As one interviewee explained, *'People don't want to have difficult conversations. If you asked everyone to distribute pay and then asked them to modify this distribution as they need to then have a conversation with people (to confirm where they've been ranked) it will be completely different – because they struggle to have the difficult conversations…This impacts the trust element because people don't witness the population being dealt with in a fair and equitable way.'*

Examples of trustworthy leaders

There were lots of individual leaders who were called out as an example of *'a great leader'.*

Some of these were people we've interviewed as part of the strand 2 interviews (and others were those who had been suggested as part of a wider shortlist of possible strand 2 interviewees.) Fidel Ortego who runs the Mexico business was mentioned by a couple of the interviewees: *'the Mexico business – it's just fun to be around. You can feel it. It's all about the people and the leadership there'.* When questioned whether it was Fidel himself, the response was that it was the leadership team there, not just Fidel.

The group HR director reflected on Fidel too: *'what Fidel does*

is very visible. He ties his future to the same future as the organisation, so his success is part of the organisation's success. He takes great pride in the position of the organisation in terms of the community and works hard with the community to make GKN a valued and contributing neighbour to the society.' We discussed whether these examples of good leaders were as a result of the assessment processes. One inteviewee reflected that these individuals would probably always act in this way but because GKN values and recognises those behaviours they can thrive.

Another individual who was mentioned as *'a great leader'* was a site manager in Kansas. An example given of his behaviour was how he created unity within his management team at different levels, by taking part in the same development programme as his managers. Yet, an observation was that he also acted as a buffer or *'shield'*. He'd let the good messages filter through to his team but would shelter them from bad messages (and in particular the tone of bad messages).

And one further example was of *'a great leader'* in Brazil. Comments included *'they've got a fabulous leader… he won't take any nonsense but he's also very amenable… there's flexibility there, technical excellence but fair'*.

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• Predominantly internal: approximately 3 out of 4 hires at a senior level are internal • For external hires the process involves meeting a number of GKN people	• Implicit, through getting a good view from all parties of where the 'fit' is
Development	• Various practices, including development plan, assessment against competency plan and development programmes off the back of these	• Implicit, providing a toolkit in terms of behaviours, values and so on needed to be successful
Performance assessment	• Annual worldwide performance review to determine pay and bonus levels	• Implicit
Reward	• With regards to the pay and bonus of the top 600 leaders this is based on a combination of financial and strategic measures	• Implicit with the strategic measures not explicitly focusing on behaviours but rather on the 'what'
Overall emphasis	• Ability • Predictability	

HMRC

Background

Her Majesty's Revenue & Customs is the UK's tax authority. They are responsible for making sure that the money is available to fund the UK's public services and for helping families and individuals with targeted financial support. Their vision is: *'We will close the tax gap, ensure our customers will feel that the tax system is simple for them and even-handed, and we will be seen as a highly professional and efficient organisation.'*

HMRC was formed by the merger of the Inland Revenue and Customs & Excise in 2005. The integration agenda led to a significant headcount reduction over several years and a huge change agenda, which proved to be extremely demanding in terms of capacity, capability and readiness for change. All of this bred high levels of uncertainty and job insecurity across the organisation. Unsurprisingly, trust levels in senior managers plummeted, whereas trust levels in direct and local managers remained constant. In particular, people did not like the abandonment of local reporting lines in favour of national process lines.

Trust context

Interviewees talked about a *'difficult and chequered legacy'* for the HMRC since its inception following the merger of Revenue and Customs in 2005, with some people *'still licking the wounds of the merger, four years later'*. In some instances this constant change has created an environment where *'people still like their job and their team but find it hard to commit to HMRC'*.

The wider political environment can also have an impact on levels of trust as employees can find it hard to distinguish between decisions made by their leaders and wider changes made across government, such as changes to Civil Service terms and conditions.

However, a strong new top team and CEO are perceived very positively and are planning *'big change with the right intentions'*. Building trust is a key part of this change programme and trust workshops are currently being run.

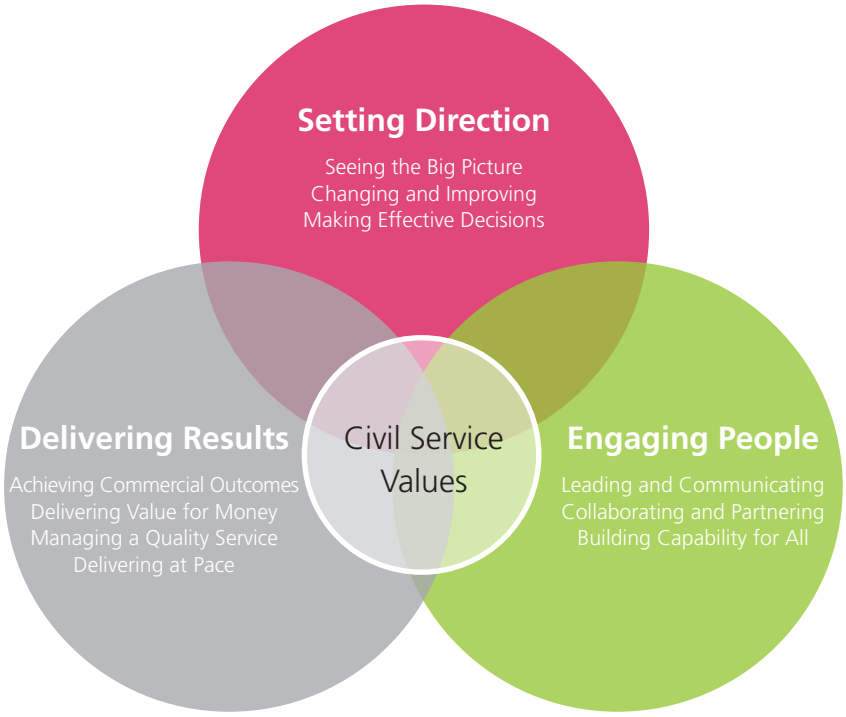
The top team is also in the process of co-creating and sharing with the top three tiers of the organisation. This is creating behaviour change at the top of the organisation and filtering down the organisation, but it takes time and more development needs to be done with middle managers: *'We need to pay more attention to engaging the middle.'*

Work is also going on to build engagement by geography: *'People relate to geography rather than a stream and the CEO is addressing that with campuses and site-based communications.'* This is helping to build geographical communities once again, which also helps to increase trust levels as leaders are more local and visible.

Leadership assessment and development practices

For leadership assessment and development, a competency framework is now used which is unified across the whole Civil Service and has at its heart the Civil Service Values of honesty, integrity, impartiality and objectivity. All interviewees felt the Civil Service Values are all related to the issue of

Figure 9



trust, but particularly the values of honesty and integrity.

The competency framework is accompanied by a detailed specification for roles and open competition. The most important issue, though, is how it is deployed and used and the organisation has put in place a relentless assurance process that challenges every decision at every level and includes involvement from the CEO and OD director. Even so, some interviewees feel that more challenge could be made around demonstrating the right behaviours. There is also a renewed focus on measurable performance, with 74 performance indicators being reduced down to four.

HMRC is currently focusing on building leadership capability as it recognises that there is a gap around the leadership agenda with a historical focus purely on tax learning: *'Tax was seen as the be all and end all and leadership and management have been an "add on".'* As such there is a new single leadership development offering broken down by grade. Several of the interviewees felt that trust is key to developing effective leadership within the organisation. In reward terms, there are some hard decisions currently being made: *'actually now the behaviours are coming under the spotlight – we are not going to put you in the top bracket to get the bonuses, you've got to address your behaviour before you get there.'*

Work is also under way to create a better awareness of talent management and succession processes and of managing talent in general. Departments and line managers are more familiar with the mechanics of identifying successors. Historically, succession has been based on people's technical expertise rather than their ability to manage people and their behaviours, but renewed focus is now being placed on the latter. Traditionally leaders have also not been that good at performance management and holding difficult conversations – the talent management system is now forcing these conversations and managers are becoming more effective at providing objective feedback on their teams' strengths and weaknesses.

Policy and practice gaps

Some interviewees believe that what you do and what you achieve are still valued more than the behaviours you use in the workplace and that the *'what and how'* should be equally balanced. There is a need for the behaviours to change. There is also a need to be clearer on the behaviours that are important and clearer on the reward for exhibiting such behaviours. This is part of the wider change programme being planned by the top team.

Some interviewees felt that there is not enough focus on the organisation's purpose or *'the noble cause – keeping the UK economy going through difficult times'*. There seems to be a need to be stronger on common purpose and tying it all together – something which is part of the transformation plans. Others want to see impact measures and metrics around the work that is currently being done around building trust.

Impact of policies and practices on trust

The competencies used to assess and develop senior leaders are implicitly a lot about trust, under the themes of future, engage and deliver. There is a sense that senior leaders really *'care about the organisation and appreciate the importance of trust more than most'*. In recent months there has been a great deal of senior leadership development as a group and trust has been on the agenda. Trust threads through the narrative and is well received. However, in terms of the recognised characteristics of trustworthy leaders, interviewees felt that ability and to some extent predictability is assessed for but that integrity is not assessed in any explicit way: *'I'm not sure we have the skills to assess for integrity, I'm not sure any government department has.'* Others pointed to honest 360-degree conversations that are happening and tap into a leader's benevolence.

Senior leadership development is also being provided by the organisation's team of 12 non-executive directors through master classes on various issues and themes, including storytelling: *'they are sharing what it feels like being a leader going through huge organisation change.'* The big change agenda that the organisation is embarking on will need to be underpinned by senior leaders' ability to build trust. A key skill for future leaders will be how they can keep or repair trust as they go through massive change: '*We've got the whole toolkit, we've got everything there. It is just how we use it. We can choose to really emphasise that trust is important to us and appoint people who are clearly trustworthy, or who set about earning the trust of people. Or we can choose not to. That's how we will be judged and that's how everyone will act in the organisation. Because they will all look up. If you look up now you see a group of people you can trust.'*

Examples of trustworthy leaders

At HMRC they are currently running monthly dial-ins for all staff where people can put questions to the director general, CEO and the top team. A number of our interviewees have been impressed with the great

honesty and bravery on these calls: *'The CEO tells the truth, doesn't back down and doesn't shy away from things.'* In fact, a number of our interviewees called out the CEO in general as a great example of a trustworthy leader: *'She is completely open to engaging staff at all levels, and is clearly passionate and it's that passion that's coming over – around the trust agenda type of agenda – because she knows it's a key enabler to having a more efficient department… and I think she's clearly driving that with her new senior team as well.'*

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• Selection for senior positions via a competency framework unified across the whole Civil Service with the Civil Service values of honesty, integrity, impartiality and objectivity at its core. The competency framework is accompanied by a detailed specification for roles and open competition.	• Explicit focus on honesty and integrity
Development	• A new single leadership development offering broken down by grade. Workshops with senior leaders where trust threads through the narrative and is well received. Development is also provided for senior leaders by the non-executive directors through story-sharing.	• Explicit
Performance assessment	• A renewed focus on measurable performance, with 74 performance indicators being reduced down to 4.	• Implicit
Reward	• In terms of reward, leadership behaviours are beginning to come under the spotlight.	• More of an explicit focus on behaviours
Overall emphasis	• Ability • Predictability • Integrity	

John Lewis Partnership

Background

The John Lewis Partnership (JLP) comprises two main trading brands: John Lewis, with 43 stores throughout the United Kingdom as well as a thriving online division, and Waitrose, its supermarket chain with around 300 branches in the UK. There is also a financial service company, John Lewis Insurance, which forms part of the JLP. The organisation employs almost 85,000 people. In 2013 it generated revenues of £9.5 billion.

The most defining characteristic of JLP is that it is employee-owned, one of the largest such commercial businesses in the world. As such, co-ownership and strong relational structures are the building blocks of the organisation. During the last five years, John Lewis has begun a major strategic review with the aim of making it more process- and cost-efficient and flexible. Across the organisation, this became known as the *Branch of the Future*, or BOF. Based on this carefully designed change initiative, trust in JLP actually rose following the restructuring. As a result it is often considered a trust success story.

Trust context

Trust is at the heart of John Lewis's mission, generally known as 'Principle #1':

> *The Partnership's ultimate purpose is the happiness of all its members, through their worthwhile and satisfying employment in a successful business. Because the Partnership is owned in trust of its members, they share the responsibility of ownership as well as its rewards – profit, knowledge and power.*

Trust is deeply engrained in the organisation's values and culture and becomes particularly apparent in the partners' interactions with each other. Long-term relationships and mutual accountability mean that in many cases trust is almost taken for granted: '*I think we just take trust – my perception is that we just take trust for granted in what we do because of who we are.*' This is also evident in the ratings on organisational trustworthiness given by our participants. In terms of the characteristics of trustworthiness, while traditionally there seems to have been an emphasis on benevolence and with it a sense of paternalism, a shift is taking place that puts greater focus on ability. This became noticeable as participants spoke of the importance of performance ratings and the need for leaders to prove their commercial, technical and innovative ability.

Leadership assessment and development practices

John Lewis's senior 'leadership community' comprises about 120 people. The organisation is currently restructuring how leaders are assessed and developed as well as how future leaders are recruited. The main emphasis is on creating a consistent approach across all functional areas that increases efficiency by removing existing functional silos, leading to a more robust HR framework. This is generally referred to as 'Partnership Services', which comprises a separate division in addition to those currently existing (John Lewis, Waitrose and Corporate): '*Partnership Services…is all about being a shared service operating model, is about being really efficient to support growth because clearly we're a growing business and we couldn't continue to work as hard as we do now and not be consistent moving forward.*'

In addition, underlying this drive for consistency and rigour are eight leadership behaviours that John Lewis has identified as desirable in their current and future leaders, which run through the entire HR lifecycle. The overarching behavioural requirements are: 'strategic vision', 'disciplined execution', 'enduring legacy' and 'transformational change'. These are deeply embedded in the leadership structure of the organisation and are used as a recruitment, performance assessment and development benchmark. The leadership behaviours also provide the partners with a consistent language for what it means to be a leader within the JLP. Trustworthiness is predominantly assessed implicitly based on these behaviours.

John Lewis has an internal talent pool that is consulted for any leader appointments. In terms of its external recruitment process, John Lewis makes use of a range of HR practices, including a comprehensive role profile against which candidates are assessed, Kaizen, psychometrics (Hogan) and interviewing in order to construct a holistic picture or biography of their external candidates. The desire for a holistic understanding of the candidate is further embedded in what is referred to as the practice of whole-person interviewing: '*So you're asking for examples both in the work life and in the home life. You're looking at the range of their career and not just their permanent job. So you really allow the whole light and colour of the individual to come through.*' By favouring candidates who are not primarily motivated by money but instead 'fit in' with the culture that is John Lewis Partnership, the organisation further sets the foundation for the selection of trustworthy leaders.

John Lewis encourages its leaders to take initiative for self-development. Contrary to other corporations,

they still make extensive use of residential courses for leadership development. There are also plans to further increase the rigour of leadership development by introducing a six-monthly development evaluation which provides points of decision-making on if a candidate may or may not continue on the development programme. Generally, all current initiatives seem to suggest a stronger focus on performance and hence ability. At the same time, HR processes are becoming more robust and rigorous as a result. Nevertheless, strong relationships and showing care for others are still perceived to be important, as in parallel there is a shift towards 'facts and figures', the ability to think in a 'matrix style' and being innovative.

Impact of policies and practices on trust

Balancing the longstanding trust that exists within the partners' relationships with more rigorous and robust policies and practices around leadership selection, development and performance assessment has been identified as central to the success of the suggested change initiatives. Our participants propose that this can be achieved in two ways. First, more responsibility is to be given to line managers, which creates an environment of inclusion and openness. At the same time, the HR function is involved at various stages of the process in order to assist line managers and perform formal 'spot checks'.

Examples of trustworthy leaders

Many of the desired behaviours of trustworthy leaders can be linked back to John Lewis's underpinning structure of co-ownership. For example, being accountable for one's actions to the other partners and the organisation as a whole is seen as central:

> *It is about accountability actually. It's how to be challenged without being defensive because as soon as you get defensive, you undermine the question and you create an environment in which people are not comfortable to challenge. But when you're accountable, you can say, yes, that is what it is and I'm comfortable in my own skin and I made that choice because the business charges me with the responsibility of making those decisions because that's what my job is.*

In addition, being able to build relationships and touch people in one's daily interactions are also seen as important. Several of our participants also emphasise the need for leaders to engage with their followers by developing a common level of understanding and sharing a 'common world': *'Somebody who's plugged in to them and understands the importance of that would certainly again probably be a more effective leader in the partnership.'*

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• *First internal:* talent pool, performance matrix based • *Secondary external:* external resourcing community • *Recruitment practices:* Kaizen, Hogan, interviewing in order to develop holistic candidate biography, passive audience	• Implicit, through recruiting against leadership behaviours and company values
Development	• *John Lewis leadership behaviours:* set of eight identified behaviours • Residential development in-house • Individual initiative encouraged	• Implicit, through developing leadership behaviours
Performance assessment	• Annual performance appraisal • Nine-box talent grade • KPIs	• Implicit, through assessing against leadership behaviours
Reward	• *Emphasis on non-financial rewards:* company facilities • *Financial reward as secondary:* bonus system linked to performance	• Implicit, making use of non-financial benefits helps to establish trustworthiness
Overall emphasis	• Benevolence • Ability • Integrity • Shift towards greater focus on ability, underpinned by benevolence	• Trustworthiness embedded in culture and partnership structure • Shift towards greater focus on ability

Oxford University Hospitals NHS Trust

Background

In 2011, two of Oxford's Hospital Trusts – the John Radcliffe and the Nuffield Orthopaedic Trust – merged to form the OUH. The CEO's aspiration for the OUH is to be in the top 10% of healthcare and interviewees suggest that he has made a big difference to the hospital's performance in the last two years.

The Oxford University Hospitals NHS Trust (OUH) is one of the largest acute teaching trusts in the UK, with a national and international reputation for the excellence of its services and its role in teaching and research. The core values of the OUH are excellence, compassion, respect, delivery, learning and improvement. Collaboration and partnership are also central to their approach in delivering the fundamental activities of patient care teaching and research. These values determine the Oxford University Hospital NHS Trust's vision to be:

'At the heart of a sustainable and outstanding, innovative, academic health science system, working in partnership and through networks locally, nationally and internationally to deliver and develop excellence and value in patient care, teaching and research within a culture of compassion and integrity. This vision is underpinned by the Trust's founding partnership with the University of Oxford.'

Trust context

Interviewees talked about strong codes of conduct and sound moral principles as a backdrop to the work of the OUH. However, concerns were voiced around trust issues within the organisation: *'People don't always trust one another... we haven't got the culture right yet... we are still not transparent enough.'* Financial pressure is perceived to be adding to this situation with some perceived office politics at the executive level. Others commented that they would like to see more diversity at the top of the organisation and greater transparency regarding executive appointments. Engagement of *all* staff is seen to be one of the biggest challenges, with several interviewees believing that senior leaders could do more to connect with *'feelings on the shop floor'*.

However, work is currently progressing around leadership development with a leadership conference for 270 multidisciplinary senior leaders having taken place in spring 2013 and a leadership strategy being considered by the board. The objective is to place a greater focus on leadership and ensure quality leadership right the way across the organisation. Leaders are also being taught a listening in action methodology so that employees are able to share their opinions, views and any concerns they might have on a regular basis and support a culture of openness.

Leadership assessment and development practices

Interviewees maintain that senior leadership selection is fairly traditional across the OUH. A business case is put together for funding by the hiring manager, a job description is developed which is banded by HR and positions are usually advertised internally and then on NHS jobs. There has traditionally been a focus on ensuring candidates have the right technical expertise with less of a focus on behaviours.

Several candidates feel that traditional interviews aren't working and don't provide enough information about the candidate – they don't delve into the openness and honesty of a candidate and focus on *'technical expertise rather than the whole person.'*

However, various parts of the OUH have been experimenting with new ways of doing things. For instance, in nursing selection, stakeholder events have been carried out with junior and senior staff and local groups and their feedback has been provided to the interview panel and taken into account. This is helping to build ownership of the process and ensure that the right candidates are chosen. Several of the interviewees felt that there should be a multi-disciplinary team of professionals on the interview panels for *all* appointments. Currently medical consultants drive most appointments. But a multi-disciplinary team would be able to explore leadership more generally as well as candidates' understanding of the technical aspects of the job.

In the nursing field there is also collaboration happening across hospitals in the form of support networks that share and learn around various issues including things like what makes a really good ward sister and what does a great candidate for this position look like?

The OUH is also currently piloting a values-based interviewing (VBI) approach to selection with care support workers and the acute medical unit. Interviewees are encouraged by the results: *'We are recruiting very motivated people, with importantly the right values.'* VBI drills into people's beliefs and behaviours in much more depth: *'Candidates have the right attitude; they stay longer and are positive.'* Eighty people have now been trained in the VBI technique and there is a commitment to use this going forward, including with senior appointments. It is much more time-intensive than the traditional way of

interviewing but is clearly reaping very positive results.

When it comes to promotion the assessment of senior leaders is not that different from other levels within the organisation but it is different around accountabilities. One of the first objectives is around behaviour – showing evidence they have distilled organisational values and have embedded them into practice: 'what they have achieved and how they have achieved it.' There are also plans to include 360-degree feedback as part of this process for leaders in the future.

Policy and practice gaps

Interviewees felt that there needed to be greater consistency in the quality of leadership across the organisation: *'There are pockets of good leadership but it is ad hoc.'*

Interviewees also felt that *'trust is an explicit part of appointing people for those that look for it.'* But again this was not a consistent practice across the organisation and more needs to be done to embed this into the interview process through the use of methodologies such as VBI: *'There is lots of variability and some complacency in academia of not looking beyond the qualifications to the behaviour and attitudes.'*

The culture of the OUH is also seen by some as working against an explicit focus on trust and therefore courage is needed to overcome this: *'We need to appoint people to have these values and attitudes in the beginning – they need to demonstrate it – people need to see it in practice. They need to have the courage to demonstrate that in a culture that sometimes works against it. High challenge and high support is what is needed.'*

Impact of policies and practices on trust

Interviewees are clear that without trust the OUH won't have the ability to change in the way that is required going forward. The listening in action groups appear to be having a real impact on the culture of the organisation: *'It is having a remarkable impact – people believe in it.'* This is helping to empower employees to get on with things and is seen as somewhat counter-cultural and something that needs to be *'looked after.'*

The OUH values are being built into the whole talent process for employees but the organisation is large and it won't happen overnight. Currently there are briefings to all staff and to line managers about patient experience and the fact that values should be at the heart of the OUH.

In terms of ability, benevolence, integrity and predictability interviewees believe that ability and predictability of performance is assessed in the more traditional interview and development methods, while benevolence and integrity are assessed as part of the values-based interviews: *'The VBI tests all the different elements of trust that is why it is so important.'* There is a recognition though that this needs to be built into all the performance practices of the organisation (such as recruitment, development, promotion) to ensure that it is consistent across the organisation and embedded.

Examples of trustworthy leaders

Several interviewees spoke about the OUH's CEO as an example of a trustworthy leader: *'He has a national and international reputation and is very credible with the ability to provide a wider viewpoint on all professions and is great at making things happen.'* Others spoke about his integrity, willingness to challenge and desire to do the right thing – *'He has made a significant impact on the culture and quality and performance of the organisation.'*

A divisional nurse was highlighted by two interviewees as an example of a trustworthy leader. She is: *'very trusted and performs well in a difficult job. She acts with integrity, has the right motives and engages with all levels of staff. She compensates for others' dysfunctional behaviour.'* She is also described as holding counsel well, managing her emotions and behaving with consistency and predictability by being great on delivery.

An executive director was also endorsed for his trustworthiness: *'He never gossips, is very competent, very intelligent and very nice. He is great at keeping confidences, listens and doesn't lose his temper.'* He also actively treats people as his equal even when they are not and helps to develop people. He is also seen to lead from *'the bottom up.'*

Others talked about the great people in general at the OUH with: *'huge commitment and a passion to do the right thing...it's a vocation...a way of life...'*

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• Traditional approach. A business case is put together for funding by the hiring manager, a job description is developed which is banded by HR and positions are advertised internally and then on the NHS jobs site. However, the organisation is piloting a new approach to interviewing – values-based interviewing – which taps in to leaders' values and trustworthiness. Stakeholder engagement is also used for recruitment in some parts of the organisation such as nursing.	• Implicit and explicitly through the values-based interviewing pilot
Development	• Leadership conference for 270 multidisciplinary senior leaders. Leadership strategy being considered by the board to ensure quality leadership across the organisation. Leaders are being taught a listening in action methodology to support a culture of openness.	• Implicit
Performance assessment	• Senior leaders need to show evidence that they have distilled organisational values and have embedded them into practice with plans for 360 feedback to be incorporated in the future.	• Implicit
Overall emphasis	• Ability • Predictability • Integrity	

Serco

Background

Serco is a British-based international service company which provides services in vital areas of public life, including providing safe transport, finding sustainable jobs for the long-term unemployed, helping patients recover more quickly, improving the local environment, rehabilitating offenders, protecting borders and supporting the armed forces. Some of its well-known serviced schemes are Barclays Cycle Hire, the Docklands Light Railway and the Dubai Metro. Serco now employs about 125,000 people globally and its revenue grew by 5.7% to £4.9 billion in 2012 alone.

Many of its employees work onsite with clients, but they want them to feel connected to Serco and to be advocates of the brand.

Serco is a low-margin business with a high people ratio. As such its employees and their managers are central to its operations. Recently, Serco has faced public scrutiny which saw its share price drop and the relationship with the UK government put under strain. As a result of these events, Serco's CEO Chris Hyman stepped down in October 2013. Following his departure from the organisation, Serco announced a corporate renewal programme with the aim of re-establishing trust with the UK government. One of the proposed measures includes an over-haul of the induction, training and performance management practices and processes, which positions the HR department at the heart of the renewal programme.

Trust context

'We build trust and respect' is one of Serco's governing principles. Thus, trust is explicitly stated as part of the organisation's values. It is these values that '*are a key reason many individuals choose to join'* Serco, people who apply to join Serco because they want to *'serve communities'*. Given the strong human component of its work, trust is at the core of how Serco operates. One of the ways in which it is put into practice is by giving its employees the space or '*latitude'* to act within the boundaries defined by the company.

Trust is also seen as prerequisite for employee engagement, which has become an important point on the organisation's agenda, supported strongly by senior management. There is a yearly employee survey which measures employee engagement. Improving employee engagement, measured by the results of this survey, is a priority in the company's balanced scorecard and a key objective and KPI for leaders that will form part of their performance review. Making engagement explicit and measurable is also part of the organisation's wider goal to make leaders accountable for their behaviours.

Because of its international expansion and the public scrutiny of late, there have been some challenges around trust in leadership within the organisation. Some respondents expressed their concern about the dilution of Serco's values in light of this global growth:

'*I think this is part of the challenge of the way that we've grown, the challenges we have faced but at the core I think we are but there have been some recent examples when perhaps it has not been quite as much as a core as it might have been in the past.'*

A greater emphasis on financial results and profit growth has also evoked leadership behaviours, which are perceived as concerning by some participants. Linking these back to the characteristics of trustworthy leaders, there seems to be a lack of benevolence, or the care for the wider good of the organisation and its members, as well as integrity. At the same time, scores for ability, one of the characteristics of trustworthy organisations, are at above average levels. This is something that is the subject of great focus and attention as they recognise this as something they want to change.

Leadership assessment and development practices

In order to create a more consistent approach towards leadership, members of the Global HR Team at Serco have led a project in close consultation with business leaders worldwide, to refresh the company's model of leadership capability. This is in line with the organisation's general transformation programme, which aims to integrate its operations globally. Currently leaders are predominantly recruited externally through existing networks and selected executive search partners; however, there is significant focus on internal succession planning to create an internal pipeline of leaders who have the right values and behaviours. Following final approval by the Executive Committee, the new leadership model was launched by Ed Casey, interim Chief Executive and Geoff Lloyd, Group HR Director, in January 2014.

With their governing principles firmly at its core, the new model aligns leadership capability to the company's three strategic priorities: Customer, Operational Excellence and People and Culture. And, in recognising that leadership is simply the way that each employee creates and adds value, the new model sets leadership expectations for all employees, not just those in senior positions. The leadership behaviours and capabilities are defined for five tiers of leadership. This not

only helps to make leadership relevant, it provides the company with a structure for its leadership development pipeline and it gives employees the clarity they need to develop their leadership career at Serco.

The capabilities in the new model will be embedded into people practices that support all stages of the employee lifecycle. This includes standardised global tools, templates and reports for role profiles, selection interviewing, assessment and selection reports, induction and orientation, leadership skills development, their process for managing performance and into reward schemes.

A leadership assessment process for the recruitment of senior leaders is being developed. It will involve a leader success profile, multiple interview stages and psychometric testing. The development of this recruitment process is a collaborative effort by existing leaders of business functions and the HR team. As the organisation has grown globally, there is also the need to shift from recruiting UK leaders to developing the leadership population internationally in other geographies. The leadership capability of trust is an explicit part of the new model. Along with the other capabilities, trust will become one of the capabilities that is looked for during selection, developed in leadership programmes and that will be rated and rewarded as part of their performance management process, known as the Performance and Development Review (PDR). Deployed in this way, the new leadership model provides a common global language for what it means to be a leader at Serco at all levels.

Impact of policies and practices on trust

Participants emphasise that some of the practices they have introduced have helped to develop trust relationships as they increased communication and understanding across the organisation. Nevertheless, given Serco's very entrepreneurial culture and lack of bureaucratic processes, there is an agreement that there needs to be a balance between flexibility and formalisation: '*In fact, we've never been bureaucratic or process driven, and what we need to find now is a balance between not being so process driven that there's no flexibility, but at least recognising that you need leaders to support what you're driving in the business for [...], governance and all that kind of stuff*'.

Examples of trustworthy leaders

Trustworthy leaders in Serco portray the characteristics that have previously been identified in the literature: predictability, ability, integrity and benevolence. The greatest emphasis is probably on the latter two, which become evident in exemplary leadership behaviours such as caring for the people you lead, embodying the values of the organisation and being accountable for one's actions. In addition, people in Serco are hands-on and committed, thus what matters for leaders is '*what people show and what they do*'.

Openness, visibility and communication are also often referred to when our participants described what they would like to see in Serco's leaders, as well as a '*focus on mutual benefit*', proactivity and positivity:

'*I had a conversation with one of the people I'm thinking about today, very senior person in the company, had a great conversation with him today. We were talking about some really difficult things and on the telephone, which is never easy. And I think at the end of it, both of us felt that we'd exorcised a couple of demons in ourselves, but I think we both felt that we had had an open discussion where we did disagree with each other quite a lot, but fundamentally both of our intentions were good and, therefore, we'd created the platform for the next discussion.*'

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• *Primarily external at senior leadership level*: Head-hunters and relational networks • *Some internal*: Leadership pipeline • *GROM*: Global resourcing operating model • *Shared services*: Unified process at the heart of HR lifecycle • *Role profiles,* include knowledge, skills, capabilities and experience and are developed through a collaborative approach between HR and hiring leaders • *Multiple stage recruitment process,* involving job interviews and psychometric tests.	• Implicit and explicit through organisational values embedded in role success profile
Development	• *Leadership model*: *Global leadership language:* Common unified narrative around leadership • *Examples of development initiatives*: – Master classes: employee engagement – Engagement case studies: highlighting best practice and the 'how' of leadership	• Explicit in teaching about examples of trustworthy and untrustworthy leadership (*light and shade*) and trust capability • Explicit and implicit through values underlying leadership profile
Performance assessment	• *Formal performance management system* • *Balanced scorecard approach* • *KPIs* • *Tier-based measurement*	• Explicit through, for example, engagement survey
Reward	• *Bonus system* linked to KPIs • *Pulse*: Inspirational leadership award	• Explicit in bonus linked to engagement scores and rewarding of exemplary leadership behaviours
Overall emphasis	• Accountability • Consistency • Shift from decentralised and ad hoc to centralised and carefully managed	• Trustworthiness as leadership behaviour • Trustworthy leaders as role models

Unilever

Background

Unilever is the world's third largest globally operating consumer goods company with two main headquarters in the UK and the Netherlands. Its product range includes over 400 brands with well-known names such as Dove, Lynx, Ben & Jerry's and Toni & Guy. The organisation is divided into three main divisions: foods, home care and personal care and employs around 160,000 people across 90 countries. Over the years, the organisation has sustained strong business performance with a revenue growth of nearly 30% in the last four years and an increase of 10.5% in 2012 alone, accumulating in revenues of €50 billion. Paul Polman was installed as Unilever's CEO in 2009 and has held the position since.

Unilever was founded in 1930 and it is particularly the legacy of Lord Leverhulme, one of the founding fathers, that still guides the operations of the organisation. His mission, to make cleanliness commonplace while at the same time creating an environment that is sustainable for the long term, is underpinning Unilever's central purpose: *'To make sustainable living commonplace.'* Looking ahead in its annual report, Unilever sees one of the keys for ongoing success in re-establishing trust with its citizens, while placing leadership at the heart of this endeavour.

Trust context

Unilever is guided by a set of strong business principles. Linking these back to our knowledge about organisational trustworthiness, the focus is particularly on integrity. In fact, Unilever's first principle states its importance explicitly: *'Always work with integrity.'* Throughout the interviews, the ratings for integrity were particularly high, reflecting this focus. Many respondents link this to the moral purpose that is underlying Unilever's policies and practices. In order to maintain integrity, the organisation has several practices in place, including a hotline for employees to report behaviours that they perceive as going against its moral code and principles. Thus some characteristics of trust are strongly embedded in Unilever's heritage.

Trust also becomes important when being linked to the organisation's structure. A senior leader within the organisation even perceives of trust as the central organising principle, linking it to the very specialist structure around which Unilever is built: *'I think as I said, the organisation structure drives a set of practices and behaviours which requires trust.'* From this perspective, trust is linked more strongly to ability as people across the organisation have to rely on the expertise of their colleagues in order to work effectively. As a result generally, trustworthiness in Unilever is interpreted mainly as being along the dimensions of ability and integrity.

Leadership assessment and development practices

Unilever strongly emphasises graduate recruitment for its junior leaders. This involves a formalised process including application forms, assessment centres, aptitude tests and interviews. In addition, it hires career recruits with prior experience outside the organisation based on a set of standardised criteria and job descriptions. Both of these groups are initially assessed on a set of behaviours that the organisation requires of its potential leaders, summarised in Unilever's *Standards of Leadership.* Both of these also form part of Unilever's robust talent pipeline, which it draws from primarily when internal positions become available.

Performance is assessed regularly in Unilever, following a structured process and involving a specialised committee, the Functional Resource Committee. The performance management system is called *'3+1'*, which means that each employee has three business objectives and one development objective. Progress is usually checked twice a year against these criteria. In addition, more-senior leaders in the organisation have a leadership scorecard which sets out several key performance indicators in addition to the *'3+1'*. All performance indicators are calibrated once a year and employees are rated within a nine-box grid. Potential high-performers are then identified based on their rating within the grid. In order to create more objectivity and transparency around leader promotion decisions, Unilever is currently introducing a new model, the *JDI Model*, based around judgement, drive and influence. Linking this back to the characteristics of trustworthy leaders, the focus seems to be clearly on assessing and developing ability in Unilever's leaders. At the same time, performance is measured over a period of three years, which assesses consistency and continuity and hence enables superiors to implicitly test their employees' predictability.

Leadership development is an important component in Unilever's HR cycle. This includes initiatives such as the *Unilever Future Leaders Programme*, mainly aimed at graduates following their management trainee programme, and *the Unilever Leadership Development Programme* for more-senior roles. The importance of development is also evident in the '3+1' that is used to assess leaders and the set-up of professional academies. Development needs are identified in close collaboration with the line manager and mainly

focus on on-the-job skills and future development goals. These are also summarised in the leader's individual development plan (IDP).

Several participants suggested that the strong focus on ability embedded within the organisation's performance culture may mean that benevolence as a characteristic of trustworthiness is less important: *'I do think that in some ways our performance management system does run the risk of not driving – the unintended consequences of driving more of a performance culture might be more independent working rather than team and as you said, teamworking.'* At the same time, due to the organisation's emphasis on morality and integrity embedded within its history, leader behaviours in achieving performance goals are very important. Hence, not only the 'what' matters but also the 'how': *'So you might be somebody who delivers fantastic results but if it's not in accordance with the values and with the attitudes, your chances of progression as a leader are not very good.'* In addition, by introducing a talent-focused initiative, *Talent Plus*, Unilever further aims to foster leadership behaviours that are consistent with the organisation's *Standards of Leadership*.

Impact of policies and practices on trust

The interplay between policies and practices and trust works two ways in Unilever. On the one hand, participants emphasise that HR processes such as the *JDI Model* help to increase trust as they create a more objective and transparent way of working: *'From an employer perspective, there needs to be the trust that people go through the assessments or conversations or whatever else may be applied in a transparent way.'* On the other hand, members of the organisation also need to trust that the processes are applied in a fair and open manner: *'Being in your performance review wanting to be promoted, there needs to be a trust, so there needs to be trust with employees that the processes work, that the processes are transparent and that the processes are fair.'*

Examples of trustworthy leaders

Many of the leadership behaviours described as exemplary evolve around the need for openness and transparency as well as being predictable and authentic: *'There's no point in having a leader who will make one decision one day and another one another, who will play favourites, which is very, very common, who will hide information. So the best leaders tend to be the most confident themselves, most self-aware.'*

In addition, given the structure and size of the organisation, being perceived as someone who acts with the best interest of the entire organisation at heart, rather than advancing their own interest or individual parts, is seen as trustworthy: *'He has a real kind of sense of loyalty to Unilever the organisation, this is two different parts of the organisation and so as a result of that I always feel that he is trying to do what is best for Unilever rather than one part of Unilever. And all his – all his actions, you know his behaviours, what he says, how he does it, they all align to doing what is best for Unilever.'*

Summary of HR practices

Stage of HR lifecycle	HR practices	Assessment of trustworthiness
Recruitment	• *Primarily internal:* graduate scheme, experienced hires, talent pipeline • *Some external:* recruitment agencies	• Implicit: assessment of *Standards of Leadership*
Development	• *Individual development plan (IDP)*: overarching future development goals • *Professional academy:* job-focused skill development	• Implicit: development of behaviours congruent with *Standards of Leadership*
Performance assessment	• *3+1*: combination of three strategic change goals and one development goal as part of annual performance review • *Functional Resource Committee*: talent-listing and performance assessment	• Implicit: through assessment of ability
Reward	• *Performance-based bonus* – Short term: linked to annual business performance and individual performance vis-à-vis personal goals, bonus payments – Long term: peer comparison with other organisations, share options	• Implicit: through rewarding ability, predictability and integrity
Overall emphasis	• Ability • Integrity	• Trustworthiness as delivering results and fulfilling objectives

Appendix 2: Additional information about data collection and analysis

Our sources of data for this research report were in qualitative form and included:

- face-to-face interviews
- telephone interviews
- documentary evidence from companies.

In 13 organisations we conducted 53 interviews lasting between an hour and an hour-and-a-half with a selection of informants, including:

- senior HR practitioner
- senior HR manager or director operating at strategic level
- senior business manager or director including CEO, general manager, heads of department, senior strategists.

These interviews were conducted by various members of the research team. All interviews were audio-recorded and transcribed professionally. A researcher then coded the interviews using a combination of techniques including open coding and established codes from previous trust research.

In addition to the above, we made use of documentary evidence to inform our analysis, provided by our participating organisations such as competency frameworks, selection criteria, leadership behaviours and leadership strategy documents.

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Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ UK
Tel: +44 (0)20 8612 6200 Fax: +44 (0)20 8612 6201
Email: cipd@cipd.co.uk Website: cipd.co.uk
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