

Restoring Trust: Challenges and Possibilities

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What is Trust and Why Does it Matter for Leaders?

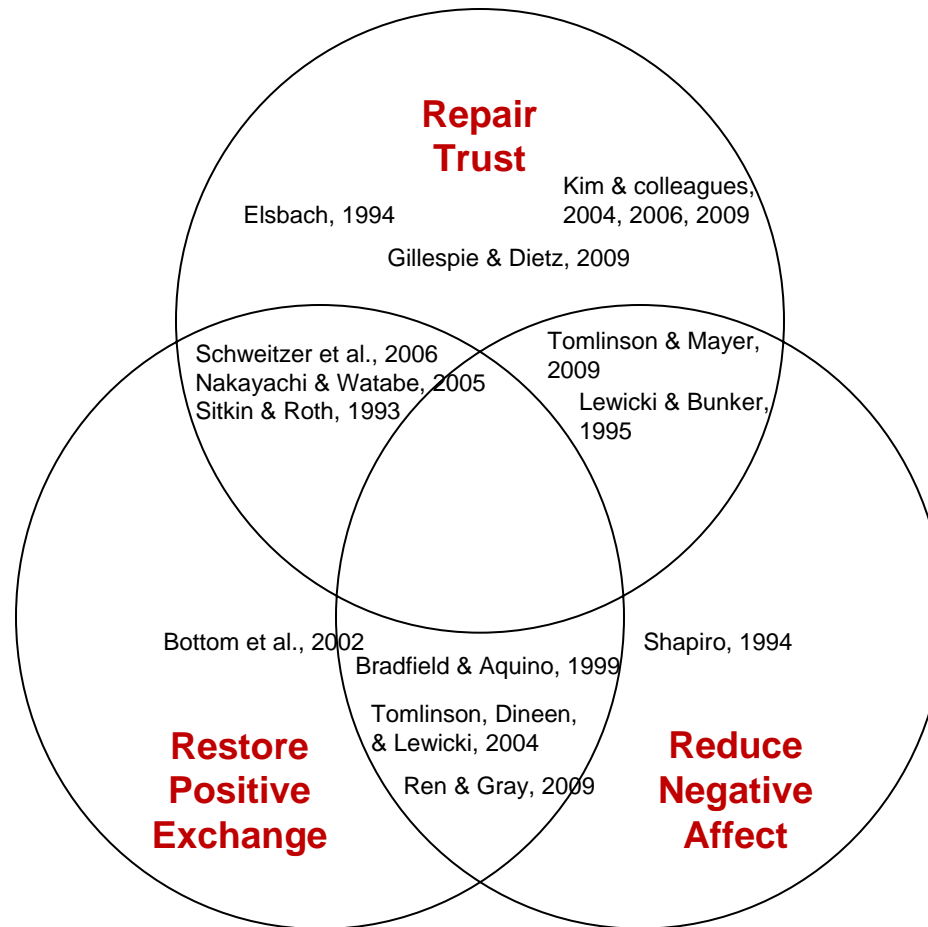
- **Trust** = psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another (Rousseau et al., 1998)
- What factors do people look for in order to trust leaders?
 - Factors of trustworthiness: Competence, Benevolence, Integrity (Mayer et al., 1995)

A current problem in organizations

- Politicians trusted more than business leaders! (CNN/OPC, 2009)
- Only 39% of employees say they trust the senior leaders of their own firms (WatsonWyatt, 2002)
- 55% reported violation of trust by employer or coworkers (Conway & Briner, 2002; Robinson & Rousseau, 1994)

“Trust, like the soul, never returns once it is gone” (Publius)

The Conceptual Domain Within Organizational Behavior*



*From Dirks, Lewicki, & Zaheer (2009). Repairing relationships within and between organizations: Building a conceptual foundation. *Academy of Management Review*

Research Program

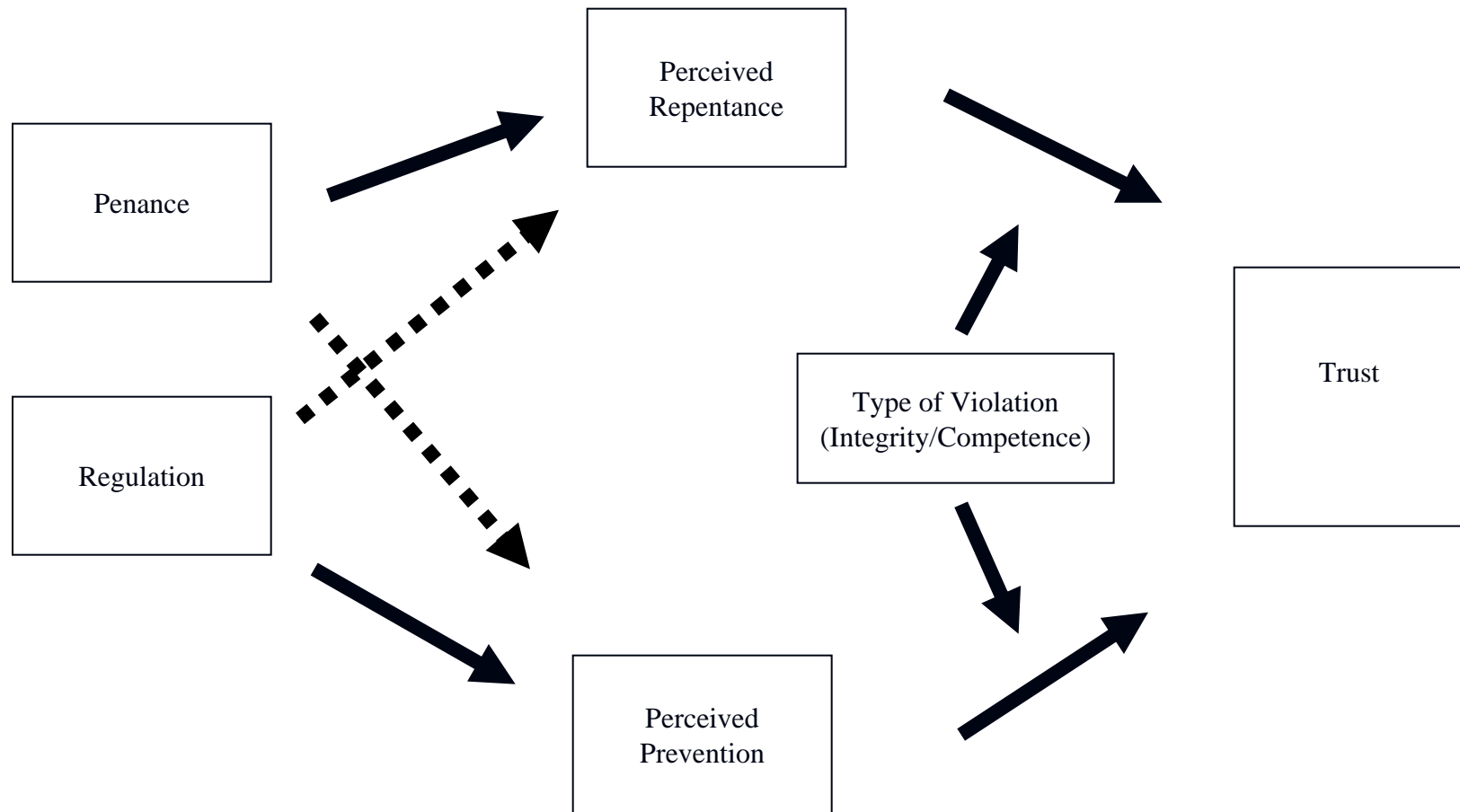
Understand cognitive and interpersonal mechanisms that govern how and when trust might be repaired.

- “Removing the Shadow of Suspicion...” (Kim, Ferrin, Cooper, & Dirks, *JAP*, 2004)
- “When More Blame is Better than Less...” (Kim, Dirks, Ferrin, & Cooper, *OBHDP*, 2006)
- “Silence Speaks Volumes...” (Ferrin, Kim, Cooper, & Dirks, *JAP*, 2007)
- “The Repair of Trust...” (Kim, Dirks, & Cooper, *AMR*, in press)
- **“Understanding Substantive Responses ...”** (Dirks, Kim, Ferrin, & Cooper)
 - How do various trustor responses relate to each other?
 - Cognitive mechanisms (trustee) governing effects?

Alternative Logics For Repairing Trust in Leaders

	Dispositional	Situational
Primary Objective	Correcting the negative attribution regarding trustworthiness	Limit uncertainty about future trustworthy behavior by engineering situational forces
Prototypic Trustee Actions	<i>Apology</i> : express remorse and promise to not repeat behavior <i>Penance</i> : Offer to pay a price to provide credible signal for renewed trustworthiness	<i>Regulation</i> : Offer to set up a system to assure future trustworthy behavior and limit future transgressions
Primary Cognitive Mechanism (Trustor)	Perceived repentance	Perceived prevention
Key Contingency	Type of violation: integrity vs. competence	Type of violation: integrity vs. competence
Key Shortcoming	No guarantee of future trustworthy behavior	Dispositional causes of the transgression are not addressed, leaving the possibility that the trustee can re-offend

Empirical Model



Methods

- Study 1
 - Experimental design with 3 conditions: Penance, Regulation, Control
 - Task: Multi-round trust game with monetary stakes
 - Measures
 - Mediators: Perceived repentance, perceived prevention
 - DVs: Trust perceptions and behaviors
- Study 2
 - 3 (Response: penance, regulation, control) x 2 (Violation: competence, integrity) experimental design
 - Task: Video scenario of CEO trust violation
 - Measures
 - Mediators: Perceived repentance, perceived prevention
 - DV: Trust perceptions
- Study 3
 - Experimental design that allows for apology comparisons

Summary of Key Findings

- Study 1
 - Penance affected trust
 - Relationship between penance and trust mediated by perceived repentance
 - Regulation affected perceived prevention, but not trust
- Study 2
 - Penance and regulation affected trust
 - Relationships between responses and trust mediated by perceived repentance *only* (not perceived prevention)
 - Type of violation moderated effect of perceived repentance on trust
- Study 3: Apologies also operate via perceived repentance

Implications

- Framework for broad set of trust repair efforts
 - Trustee tactics, trustor reactions, inherent limitations
- Potential for both forms of trustee responses to be effective, depending upon how they are formulated
 - Many different variations of tactics for repairing trust
 - Perceived repentance necessary to repair trust
- Implications for situational forces approach?
 - Cultural differences?
 - Successful for restoring cooperation, but not trust?
- Violation type and why it matters

Limitations & Future Research

- Cognitive view
 - How should the theory change?
 - Field study...
 - Emotion: Main effect or fundamental change
- Trust in institutions and organizations