Leadership, Trustworthiness, and Ethical Stewardship

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ABSTRACT. Leaders in today's world face the challenge of earning the trust and commitment of organizational members if they expect to guide their companies to success in a highly competitive global context. In this article, we present empirical results indicating that when leadership behaviors are perceived as trustworthy through the observer's mediating lens, trust increases and leaders are more likely to be viewed as ethical stewards who honor a higher level of duties. This article contributes to the growing body of literature about the importance of ethical stewardship in the trust relationship.

KEY WORDS leadership, trust, trustworthiness, ethical stewardship, mediating lens

In writing about the ethical duties implicit in leadership, James Carlopio (2002, p. 72) observed: "(t)oday's leaders must resist the powerful temptation of self-interest and must be motivated by broader values and principles *based on a morally established duty owed and a fiduciary obligation*" Carlopio (2002, pp. 71—74) explained that this "ethical stewardship" approach to leadership was essential if leaders expected to earn the trust of others.

Carlopio*’s comments resonate with the growing body of leadership literature written ever since his comments were made, which emphasize both the key role of trustworthiness and the importance of an ethically virtuous stewardship model in the relationship between leaders and followers. Scholars and practitioners have increasingly acknowledged the gap of trust between leaders and followers, which undermines employees* commitment, unpairs wealth creation, and creates increased transaction costs in organizations throughout the world.

The global marketplace has become both more competitive and more dependent on employees' creativity, commitment, and initiative to maintain a strategic advantage. In that global marketplace, the importance of understanding the relationships between leadership behavior, perceptions about leader's trustworthiness, and the ethical duties implicit in the psychological contract have become increasingly important.

Galford and Drapeau (2003b, p. 95) described the ability of leaders to earn the trust of followers as "the crucial ingredient of organizational effectiveness" yet acknowledged that the constructs associated with trust were elusive and difficult to pin down. Covey (2004, p. 107) declared that "Low trust is the first chronic problem that all organizations face (Italics in the original)," and Covey's body of research over many years has emphasized the importance of leaders serving with character and competence to earn the long-term trust of followers (cf Covey, 1990, 1992^2004). Paine (2002) has repined a parallel theme, noting that today's society is typified by a deterioration in organizational values and a failure on the part of leaders to create value-based and principle-centered relationships on which the building of trust is dependent. Kolp and Rea (2006) have also emphasized the importance of character and competence as critical requirements for leading with integrity and building trust in organizations.

The purpose of this article is to examine the relationships between leadership, perceptions of interpersonal trustworthiness, and the elements of ethical stewardship - a construct of organizational governance that has received increasing discussion in both the academic and practitioner literatures (Donaldson and Dunfee, 1999; Cameron, 2003a; Cameron et al., 2003; Paine, 2002; Pava, 2003; Pfeffer, 1998). In the first section of this article, we briefly present a theoretical perspective about the
key constructs of this article — leadership (as defined by a model of leadership articulated by Chemers, 1997), interpersonal trustworthiness (as explained in the classic article by Mayer et al., 1995), and ethical stewardship (as articulated by the studies of Block, 1993, and other scholars). In the second section, we explain the rationale for our hypotheses in connecting these key constructs. In the third section, we describe our data-gathering process and explain the empirical results. In the fourth section, we suggest the significance of our findings and their implications for further research.

Theoretical foundations and hypotheses

The literature on leadership and governance has increasingly emphasized the ability of leaders to establish trust by creating a duty-based or covenantal relationship with followers (De Pree, 2004; Graham, 1991; Pava, 2003) with stakeholders. Scholan recognized that ethical leadership balances both instrumental, or goal-related, and normative, or value-based, priorities (Cameron et al., 2003; Hardin, 2004; Kramer and Cook, 2004; Paine, 2002; Post et al., 2002). Leaders who view their role as covenantal demonstrate the uncommon ability to "define reality" (De Pree, 2004, p. 11) by seeing the world through a perceptual lens that other leaders often fail to understand (Caldwell et al., 2008; Fiske and Taylor, 2007). Based on their enlightened ability to understand the nature of ethical leadership (Caldwell et al., 2002), these leaders create organizational controls and support systems that create high commitment (Ireland et al., 2006, p. 31). In this first section of this article, we briefly describe the three key constructs of leadership, interpersonal trustworthiness, and ethical stewardship which are key elements of our research analysis.

A model of leadership

Classic definitions of leadership are typified by that provided by Lussier and Achua (2004, p. 5) who described leadership as "the process of influencing leaders and followers to achieve organizational objectives through change." The influencing role that leaders play is widely acknowledged (Bennis and Nanus, 2007; Kouzes and Posner, 2003a, b), and leadership has been viewed through a multitude of frameworks from personality and trait theories (Judge et al., 2002) to examinations of leaders' roles and behaviors (Kouzes and Posner, 2003b; Mintzberg, 1973; Wexley and Mintzberg, 1989) that have described what leaders actually do. Within this latter group, Chemers (1997, p. 27) has provided a three-factor model of leadership that involves three critical tasks of leaders: (1) relationship development — the interactions of the leader by which (s)he develops relationships, identifies desired outcomes, monitors the needs of those achieving results, and sustains high levels of personal commitment from stakeholders; (2) resource utilization - the tasks involved in obtaining financial resources, balancing competing demands, and managing resources to achieve goals efficiently and effectively; and (3) image management — the behaviors essential in creating a reputation involving the melding of beliefs with one's actions to behave congruently with how one advertises so that one's image is consistent with followers' expectations.

Chemers' (1997) model integrated 50 years of evolving leadership theory and emphasized that these three leadership tasks pursued both internal integration — developing and managing competencies and activities within the organization — and external adaptation — responding to the environmental conditions, the behaviors of customers and competitors, and the need to develop and maximize an organization's strategic competitive advantages in order to survive (Schein, 2004). Chemers' (1997) three-factor model not only included task-related and relationship-related theories about leadership that have their roots in the early leadership research of the mid-1940s and 1950s (Likert, 1961; Stogdill and Coons, 1957), but also incorporated a new element by Chemers' inclusion of image management as a key task of leaders.

Relationship development behaviors reflect a people-centered focus on leadership (Likert, 1961) that involves creating personal connections with others to increase shared ownership and commitment (Kolp and Rea, 2006). Maslyn and Uhl-Bien (2001) found that leaders who created close dyadic partnerships increased the likelihood of generating improved long-term commitment and developing long-term, trust. McAlhster (1995) found that
affective connection was an important factor in building trust at the interpersonal level, and Kouzes and Posner (2003b, 2007) emphasized that leadership depended heavily upon the leader's ability to encourage the hearts of others.

Within an organizational context, Ireland et al. (2006, p. 37) have emphasized the importance of creating internal social capital inside the firm and external social capital outside the firm. Goelman (2007, p. 28) explained that skilled leaders developed "the social capital needed to pull the best out of people," particularly when those people are under pressure to produce results. Brown and Moshavi (2005) suggested that high trust results when leaders apply a service-oriented leadership model that demonstrates high emotional intelligence and a commitment to others' success.

The leadership behavior that are inherent within resource utilization focus on job-centered leadership (Likert, 1961) necessary in acquiring resources, directing subordinates with clear roles and goals, and enforcing standards (Lussier and Achua, 2004, p. 66). Ireland et al. (2006, p. 35) called resources "the basis for a firm's competitive advantages and strategies" while noting that the resource acquisition element of strategic leadership involved creating human and social capital as well as financial resources.

Citing TQM founder, W. Edwards Deming, Gapp (2002, p. 338) wrote that the resource utilization of effective leadership involved the harnessing of organizational information to acquire the "profound knowledge" required for effective decision making. Deming (1986) emphasized that organization leaders needed to demonstrate their personal competence at managing resources and making effective decisions if they hoped to be perceived as trustworthy. Kolp and Rea (2006, p. 53) explained that competence encompasses technical skills associated with "getting things done" both strategically and operationally, and requires leaders to instill cooperation and efficiency within an organization.

Image management involves leader performing behaviors that are congruent with what leaders claim to believe to earn the trust and following of others (Kouzes and Posner, 2003a; Leeds, 2003). Collins (2001, p. 21) discovered that the most successful organizational leaders demonstrated a passionate zeal for the welfare of the organizations they led, rather than being constantly concerned with their own image. Kouzes and Posner (2003b) found that the personal courage to challenge the status quo was one of the most important tasks of organizational leaders. Similarly, the research of Collins and Porras (1994, pp. 46-79) revealed that successful leaders demonstrated the courage to follow their core ideology and founding values, often standing strong in the face of a challenge to those fundamental principles.

Ultimately, image management requires the ability to demonstrate substance rather than merely style (cf Kouzes and Posner, 2003a). Collins (2001), author of the highly acclaimed Good to Great, offered a revealing insight about image management in his discussion of Level 5 leadership in his study of highly successful organizations. Summarizing the qualities of a Level 5 leader, Collins (2001, pp. 36-37) observed that these leaders are rather different than traditional perspectives might normally articulate:

The great irony is that the animus and personal ambition that often drive people to positions of power stand at odds with the humility required for Level 5 leadership. When you combine that irony with the fact that boards of directors frequently operate under the false belief that they need to have a larger-than-life, egocentric leader to make an organization great, you can quickly see why Level 5 leaders rarely appear at the top of our institutions.

Collins' comments suggest that the most effective leaders seem to strive to maintain an image that reflects their commitment to the organization's success rather than to building their own personal reputations.

In fact, the personal humility of the Level 5 leader becomes a characteristic of his or her leadership style and behavior - while that leadership style is nonetheless both "counterintuitive" and "countercultural" (Collins, 2005, p. 136). Thus, as CoUins and Powell (2004) noted, the most effective leaders focus on creating organizational cultures and systems that enable people to be successful, demonstrating not only a passion for excellence but also a personal humility. For Level 5 leaders, image management may be implicitly difficult to assess because these leaders seek to remain out of the spotlight while giving credit to others for organizational successes (Collins, 2001, p. 33).

Chemen' three-factor model of leadership is richly intermeshed with traditional leadership theories while
also incorporating modern perspectives about leadership. In building trust, effective leadership creates organizational systems that reinforce the values, messages, and principles which an organization proclaims (Galford and Drapeau, 2003a, b) as leaders strive to build relationships, utilize resources, and manage their image. The leadership behavior encompassed within Chemers’ three factors are acknowledged by a broad and diverse set of scholars and professionals, and are defensible both theoretically and empirically.

A framework for interpersonal trustworthiness

Interpersonal trustworthiness is an individual assessment of the likelihood that another party can be trusted to honor duties inherent within a perceived social contract existing between the parties (Caldwell and Clapham, 2003; Rousseau, 1995). The relationship between leader behavior and leader trustworthiness becomes a function of each individual’s "conceptual calculus" (Creed and Miles, 1996, p. 27) as followers interpret the implicit and explicit elements of the social contract and the values that social contracts incorporate (Caldwell et al., 2002; Rousseau, 1995). Increasingly, scholars have identified the leader-follower relationship as a series of psychological contracts that rise to the level of a "covenantal" relationship (Bamett and Schuber, 2002, pp. 279-280; De Pree, 2004, p. 11; Graham, 1991; Pava, 2003).

According to Mayer et al. (1995), trustworthiness is a subjective perception interpreted by each party and is measured on a continuum that assesses the ability, benevolence, and integrity of the party to be trusted. Mayer et al. (1995, p. 717) defined ability as the "group of skills, competencies, and characteristics that enable a party to have influence within some specific domain". Benevolence was defined by Mayer et al. (1995, p. 718) as "the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive." Integrity was defined in terms of "the trustee's perception that the trustee adheres to a set of principles that the trustor finds acceptable" (Mayer et al., 1995, p. 719). This three-factor model of trustworthiness is consistently cited as a panegyric measure of trustworthiness and is widely regarded as a model of trustworthiness in the academic literature (Aquaveque, 2005; Caldwell and Clapham, 2003; Serva et al., 2004).

Each person makes the decision to trust based on a complex combination of demographic and personal factors that are based on personal history, cultural background, age, gender, and expectations about the world (Caldwell and Clapham, 2003). Primeaux et al. (2003) suggested that a "mediating lens" impacted this subjective perception. Caldwell and Hayes (2007) explained that individuals assessed individual and organizational behavior based on their views about self, other, the divine, the past, current reality, and the future. The framework of Mayer et al. (1995) enjoys the same combination of theoretical rigor and practical application as that of Chemers' leadership model (Mayer and Gavin, 2005).

Leaders earn the trust and followership of others by being trustworthy and accountable (Wood and Winston, 2005). By virtue of honoring the commitments owed to integrate goals and values — both instrumental and normative — trustworthy leaders demonstrate a morally virtuous commitment that other are willing to follow (Bums, 1978). By virtue of honoring their duties to others, leaders demonstrate their commitment to the quasi-sacred or covenantal nature of the relationship between the parties (De Pree 2004; Graham, 1991; Pava, 2003). Consistent with our discussion of the importance of leadership and trustworthiness, we present our first three hypotheses:

H1a: Leadership behavior associated with resource utilization influence individuals' perceptions of interpersonal trustworthiness.

H1b: Leadership behaviors associated with relationship development influence individuals' perceptions of interpersonal trustworthiness.

H1c: Leadership behavior associated with image management influence individuals' perceptions of interpersonal trustworthiness.

Ethical stewardship as a theory of governance

Corporate governance has traditionally involved the responsibilities of those who own an organization and those who serve as its appointed managerial
Theories of governance for many years had been based on assumptions about the leader as an agent who might act with opportunism to take advantage of superior information or self-serving personal interests (Daily et al., 2003).

Stakeholder theory acknowledged that the leader owed ethical duties to more than just the shareholder or principal and sought to balance those interests with the multiple interests of other stakeholders, ensuring that the ethical rights of no stakeholder are violated while balancing the legitimate interests of all parties when making decisions (Smith, 2003, pp. 85-86).

Davis et al. (1997, p. 24) defined stewardship theory as a higher level duty of governance in which the motivations of the manager are based on pro-organizational rather than self-interest behavior. Based on the concept that the leader owed more than just a duty to share resources, stewardship theory advocated that the duty of an organization leader was to maximize long-term wealth creation to benefit society and all stakeholders (cf. Hosmer, 2007; Manville and Ober, 2003; Selznick, 1992).

Caldwell and Karri (2005, p. 254) framed the role of the steward as an "integrator of shared interests" with a responsibility to help the organization and its memben to self-actualize. Caldwell et al. (2006) noted that the duties of stewards were fraught with a complex set of ethical obligations. Caldwell et al. (2008) suggested that great leaders practiced "ethical stewardship" by punning the optimization of wealth creation through creating relationships that maximized stakeholder ownership and commitment.

Block's (1993, pp. 23-25) definition of the stewardship role emphasized "service over self-interest" behaving that both organization and individual needs will be achieved by treating followen like "owner and partners." Hosmer (2007) argued that business needed to integrate both economic and social performance in governance to achieve the moral and ethical objectives implicit in stewardship — an idea later joined by Paine (2002) in her description of the duties owed by the modern leader. Paha (2003, p. 21) explained that the covenantal model of leadership treated followen with a profound concern for their welfare and honored the responsibility of the organization to demonstrate that concern "at every turn." When employees are treated in terms of their worth and value, they feel a commitment to their organization (Senge, 2006) and the covenantal duties owed by the organization are achieved (Barnett and Schubert, 2002). Hernandez (2008) has suggested that the leadership steward has an obligation to both present day and future stakeholders.

Thus, corporate governance imposes on businesses and their leaders an instrumental duty to maximize long-term wealth creation to benefit all of the stakeholders served by the firm (cf Hosmer, 2007; Post et al., 2002; Selznick, 1992). This long-term emphasis means that leaders will avoid self-defeating short-term decisions that inflate market value but that impair the firm's fundamental mission — despite the allures and seductions of a Wall Street model that panden to short-term financial targets and stock prices (cf. Paine, 2002; Pfeffer, 1998). At the normative level, ethical stewardship is also committed to the "welfare, growth, and wholeness" of stakeholders, rising to the level of honoring transformational obligations that create new opportunities and reframe traditional command-and-control notions of leadership (Caldwell et al., 2002).

Connecting the constructs

Although trust is widely acknowledged as a "primary attribute associated with leadership" (Lines et al., 2005, pp. 221-222), Dirks and Ferrin (2002) observed that there has been very little empirical research that investigated how trust affects organizational performance. Mayer and Gavin (2005) have confirmed that perceived trust incorporates the hypothesized model of ability, benevolence, and integrity that Mayer et al. (1995) had suggested as the elements of trustworthiness. Gill et al. (2005) also found (1) that ability, benevolence, and integrity were antecedents to trust; and (2) that individual perceptions, the clanry or ambiguity of information, and the context of a situation each impacted the trust decision.

The decision to trust, the relinquishing of personal control to another with the expectant hope that the other party will honor express or implied duties between the parties (Mayer and Gavin, 2005), is the sought-after outcome of leadership (Barnard, 1938; Kolp and Rea, 2006). Only when organization memben willingly relinquish their personal commitment within a zone of indifference (Barnard,
1938, p. 89), zone of acceptance (Simon, 1997, pp. 201-203), or zone of trust (Caldwell et al., 2008, p. 157) will organizations be able to obtain the degree of individual personal investment required to achieve meaningful long-term wealth creation (Caldwell and Hansen, 2010; Senge, 2006).

This level of commitment or personal investment rarely occur in organizations, and Senge (2006, p. 218) opined that "90 percent of the time, what passes for commitment is compliance." Senge (2006, p. 221) explained that in every organization a commitment-compliance continuum reflected the degree to which organization members trusted those who led them, emphasizing that "there is a world of difference between compliance and commitment [italics in the original]." Caldwell and Hansen (2010) explained that ":this difference between compliance and commitment and the attendant differences in what a person is willing to contribute to an organization are the fundamental sources of competitive advantage." The rehquishing of control that makes up this highest level of commitment rises to what Organ (1988) called organizational citizenship behavior (OCB) - encompassing the highest degree of discretionary personal commitment, extra-role, and extra mile behavior. The discretionary and extra-role nature of OCB (Organ, 1988) reflects a commitment that Husted and Folger (2004) reported to be based on perceptions about the perceived fairness or trustworthiness of organizational leaders.

In pursuing long-term organizational wealth, leadership rises to the level of stewardship when leaders seek to optimize the best interests of society, stakeholders, custodians, and shareholders (Caldwell and Karri, 2005; Hosmer, 2007). Stewardship theory incorporates principles of virtue ethics (Manville and Ober, 2003; Solomon, 1992) based on the congruence between the public good and the interests of the organization. Organizational leaders operating from a steward's perspective recognize that stakeholder interests are dynamically balanced but rarely perfectly aligned (Lado and Zhang, 1998). The role of the steward is to seek creative solutions by relying on an inspired insight and vision that demonstrate both an uncommon commitment to excellence and an inspired set of outcomes (Pava, 2003).

The trusted leader has demonstrated that (s)he is trustworthy (Mayer and Gavin, 2005; Mayer et al., 1995). Just as individual commitment can be measured on a continuum, so can the level of perceived trustworthiness of leaders (Caldwell and Clapham, 2003; Mayer et al., 1995). Leadership behavior that are interpreted by followers to be trustworthy rise to the level of ethical stewardship when leaders honor the social contracts that those followers believe exist (Caldwell and Hayes, 2007; Caldwell et al., 2008). Leaders as ethical stewards consistently demonstrate by their behavior their commitment to the welfare of stakeholders rather than simply behavior that seek their own self-interest (Block, 1993; Caldwell and Karri, 2005; Pava, 2003).

The covenantal nature of stewardship reflects the degree to which responsible leaders understand the transactional and transformational elements of their obligations (Caldwell and Karri, 2005; Pava, 2003). This covenantal commitment to duties owed to others has been empirically validated in practitioner studies that have focused on the importance of valuing people while simultaneously pursuing instrumental objectives of the organization (Cameron, 2003a, 2003b; Pfeffer, 1998). Cameron et al. (2003) have documented the importance of a virtue-based role in governing organizations which values people and treats them like "yous" rather than as "its" (Buber, 2008). Cameron (2003b) found that highly virtuous firms whose leaders honored duties owed to all stakeholders outperformed comparable firms who were led by leaders with low scores in virtuousness.

Leaders following a stewardship model of governance do so by creating integrated and congruent organizational systems that demonstrate an aligned set of priorities focusing on contextual fit (Caldwell et al., 2002). In addition, ethical stewards govern with a systemically holistic approach inspired by a servant-leader understanding of the interpersonal and organizational covenants implicit in leadership (Caldwell and Karri, 2005; De Pree, 2004; Greenleaf, 1977). Leadership has been defined by Covey (2004, p. 98) as "communicating to people their worth and potential so clearly that they come to see it in themselves." Covey's view of leadership reflects a virtuous approach to helping others to become their best that epitomizes the commitment to people of ethical stewardship. In sum, ethical stewardship incorporates shared governance, a transformational commitment to the best interests of all stakeholders, and the application of values that are internally congruent and reflective of the organization's mission and purpose.
Leadership, Trustworthiness, and Ethical Stewardship

Consistent with our discussion of Chemen's three factors of leadership and the relationship of its three factors to ethical stewardship, we propose three more hypotheses:

H2a: Leadership behavior associated with resource utilization influence individuals' perceptions of ethical stewardship.

H2b: Leadership behavior associated with relationship development influence individuals' perceptions of ethical stewardship.

H2c: Leadership behavior associated with image management influence individuals' perceptions of ethical stewardship.

According to management scholars, trustworthiness is a mediating construct (Mayer and Gavin, 2005; Mayer et al., 1995) that is subjectively assessed based on one's individual "experiences, interactions, and perceptions of others, organizations and institutions" (Caldwell and Clapham, 2003, p. 351). Primeaux et al. (2003, p. 188) explained that the perceived behavior of organizational leaders are viewed "through a mediating lens that consists of each person's individualized beliefs." Primeaux et al. (2003) described this lens as subjective, transforming, and mediating. Caldwell and Clapham (2003, p. 350) used this same mediating lens to explain that trustworthiness is based on a patterned set of repetitive interactions that each person uses as part of his or her individualized "conceptual calculus" (Creed and Miles, 1996, p. 27) to assess whether a leader or organization was trustworthy. This subjective calculus by which the mediating lens assesses the trustworthiness of another party reflects a multitude of personal beliefs that frame the social contract (Caldwell and Hayes, 2007; Caldwell et al., 2002). Each person interprets ability, benevolence, and integrity subjectively, "and each may vary independently of the other" (Mayer et al., 1995, p. 720).

Hosmer (1995) explained that the trust decision was subjectively viewed through the ethical framework of the person who interpreted the actions of the individual or organization being observed and offered ten distinct ethical frameworks that help to explain the impotence of individualized ethical values as one interprets the social contract between the parties. Hosmer defined trust as a subjective interpretation "of ethically justifiable behavior - that is, morally correct decisions and actions based on ethical principles of analysis - on the part of the other person, group, or firm in a joint endeavor or economic exchange" (1995, p. 399). Caldwell and Clapham (2003, p. 352) explained that interpersonal trustworthiness "involves a set of personal and ethical duties perceived as owed to another person" that the perceiving party believes to be fundamental in the implicit social contract between the parties (Rousseau, 1995).

We suggest that ethical stewardship is also subjectively assessed through the mediating lens of the perceiving party, based on that individual's unique interpretation of the often unspoken obligations and duties that impact the parties involved (Rousseau, 1995). As a fundamental reflection of the core beliefs of the perceiving party, this mediating lens reflects the complex and diverse ethical values suggested by Hosmer (1995, 2007). Leadership behavior are perceived as trustworthy and encompass the qualities of ethical stewardship when the perceiving party believes that a leader has honored the covenantal nature of the social contract (Caldwell and Karri, 2005; Pava, 2003). Consistent with this discussion of the mediating role of perceived trustworthiness of leaders in affecting the relationship between leadership and ethical stewardship, we suggest three more hypotheses:

H3a. Individuals' perceptions of trustworthiness mediate between the leadership behaviors of resource utilization and perceptions of ethical stewardship.

H3b. Individuals' perceptions of trustworthiness mediate between the leadership behavior of relationship development and perceptions of ethical stewardship.

H3c. Individuals' perceptions of trustworthiness mediate between the leadership behaviors of image management and perceptions of ethical stewardship.

Figure 1 pictorially represents the theoretical model presented in this research. In summary, we suggest that leadership behavior influence perceptions of ethical stewardship, as mediated by each follower's perceptions of the degree to which the leader's behaviors reflect that leader's trustworthiness.
Figure 1. Theoretical model: leadership behavior, trustworthiness and ethical stewardship.

Research methodology

In order to measure the constructs and test the hypotheses of our study, a survey was conducted among 296 graduate and undergraduate business students from a university in the Southwest United States. Eighty-three percent of the students responding to the survey indicated that they had full-time or part-time jobs at which they work while attending the university. Researchers Mook (1983) and Calder et al. (1991) proposed that student samples are appropriate when testing theoretical frameworks, since a theoretical phenomenon should apply to any group. Of the 291 usable surveys, 58.1% of the respondents were female and 49.8% were 30 years of age or older with a mean age of 31.5 years. This sample reflects a non-traditional student population with a high percentage of those participating having at least some knowledge of the nature of the working environment.

At the time that the data collection for this project began, very few empirical research studies were found in the published management literature concerning measures of Chemen' (1997) three dimensions of leadership behavior, trustworthiness as defined by Mayer et al. (1995), or ethical stewardship as a governance construct. Based on a review of the leadership literature and input from Subject Matter Experts, statements were developed to represent Chemen' three dimensions of leadership behavior. Ten items were developed for each proposed leadership dimension of resource utilization, relationship development and image management. For trustworthiness, five measures were developed for each of the three elements of integrity, benevolence and ability proposed by Mayer et al. (1995). For ethical stewardship, three measures were developed for each of the three characteristics of shared governance, transformational commitment, and creation of meaning described earlier in this study.

Survey participants were asked to focus on an organization they are currently working for or had worked for as a frame of reference for their personal opinions and were asked to identify the degree to which they felt that statements contained in the research instrument represented effective leadership behavior, trustworthiness, and ethical stewardship.
A seven-point Likert scale was used to measure responses, with semantic anchoring ranging from "very strongly disagree" to "very strongly agree."

The factor analysis of the responses of the 291 survey participants verified the three dimensions of leadership behavior proposed by Chemen (Nunnally, 1978). Three factors with Eigenvalues greater than 1.0 emerged in the initial leadership behavior component analysis, explaining 60% of the total variance accounted for in the data. Using the Varimax rotation solution, the first factor reflects resource utilization behaviors such as "Obtains resources key to success" and "Uses organizational strengths effectively."

The second factor includes behaviors consistent with managerial development such as "Cares about others" and "Conveys authenticity in relationships."

The third factor is consistent with image management behavior including such behaviors as "Stands up for what (s)he thinks is right" and "Accepts responsibility for mistakes (s)he is accountable for mistakes." Kesok's of the factor analysis for the trustworthiness construct revealed one factor (i.e., a common factor) with an Eigenvalue greater than 1.0, which accounts for 58% of the Variance Accounted For in the data. This statistical result supports using one construct for trustworthiness, with one identified item chosen for each a priori proposed element of benevolence, or ability, and, for ethical stewardship, the item had to have been identified by both judges as being related to ethical stewardship. The one identified item chosen for each a priori proposed element of sharing governance, transformation, and meaning. A listing of the measures used for each of the five model constructs is summarized in Table I. Table I also includes the means and standard deviations of each item and the reliability score for each construct's item set ranging from 0.754 to 0.845. Table II summarizes the correlations among the measurement items. Validity of the constructs was measured by determining the uniqueness between pairs of constructs ranging from 32 to 59%.

Structural model results

The theoretical Leadership Behavior, Trustworthiness, and Ethical Stewardship LTE model shown in Figure 2 represents the proposition that three (zr) influence per- (zr) on (zr) the three (zr) constructs. Presented in Figure 2.

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TABLE I
Measurement items, means, standard deviations, and reliability scores

<table>
<thead>
<tr>
<th>Measurement item</th>
<th>Mean</th>
<th>SD</th>
<th>Cronbach's a</th>
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<tbody>
<tr>
<td><strong>Resource utilization</strong></td>
<td></td>
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</tr>
<tr>
<td>RU1 Obtains resources key to success</td>
<td>5.12</td>
<td>1.21</td>
<td>0.829</td>
</tr>
<tr>
<td>RU2 Utilizes organizational strengths successfully</td>
<td>4.98</td>
<td>1.31</td>
<td></td>
</tr>
<tr>
<td>RU3_creates organizational procedures that support goal achievement</td>
<td>5.05</td>
<td>1.30</td>
<td></td>
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<tr>
<td><strong>Relationship development</strong></td>
<td></td>
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<td></td>
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<tr>
<td>PJDI Conveys authentic concern in relationships</td>
<td>4.87</td>
<td>1.32</td>
<td>0.845</td>
</tr>
<tr>
<td>RD2 Empathizes with others to support their needs</td>
<td>4.81</td>
<td>1.36</td>
<td></td>
</tr>
<tr>
<td>RD3 Cares about others</td>
<td>S.14</td>
<td>1.44</td>
<td></td>
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<tr>
<td><strong>Image management</strong></td>
<td></td>
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<td></td>
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<tr>
<td>IM1 Stands up for what s(he) thinks is right</td>
<td>5.40</td>
<td>1.25</td>
<td>0.782</td>
</tr>
<tr>
<td>IM2 Confronts difficult issues that need resolutions</td>
<td>5.12</td>
<td>1.42</td>
<td></td>
</tr>
<tr>
<td>IM3 Accepts responsibility for mistakes for which s(he) is accountable</td>
<td>5.10</td>
<td>1.60</td>
<td></td>
</tr>
<tr>
<td><strong>Trustworthiness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TI Honors the intent of the law rather than just the letter</td>
<td>5.04</td>
<td>1.26</td>
<td>0.754</td>
</tr>
<tr>
<td>T2 Praises desired performance</td>
<td>4.93</td>
<td>1.46</td>
<td></td>
</tr>
<tr>
<td>T3 Evaluates outcomes according to valid standards</td>
<td>4.99</td>
<td>1.21</td>
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</tr>
<tr>
<td><strong>Ethical stewardship</strong></td>
<td></td>
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</tr>
<tr>
<td>ESI Seeks to create a higher level of meaning or understanding about issues</td>
<td>4.81</td>
<td>1.24</td>
<td>0.827</td>
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<tr>
<td>ES2 Asks others how they view what is owed to them</td>
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<tr>
<td>ES3 Pursues solutions that build a better world</td>
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TABLE II
Correlation matrix

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<th>RD1</th>
<th>RD2</th>
<th>RD3</th>
<th>IM1</th>
<th>IM2</th>
<th>TI</th>
<th>T2</th>
<th>T3</th>
<th>ESI</th>
<th>ES2</th>
<th>ES3</th>
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<td>RD2</td>
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<td>0.503</td>
<td>0.347</td>
<td>0.694</td>
<td>1.0</td>
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<td>0.477</td>
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<td>0.456</td>
<td>0.428</td>
<td>0.685</td>
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</tr>
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</table>

devlopment to ethical stewardship are statistically significant (p < 0.05) but the path of image management to ethical stewardship is not significant, which support H2a and H2b but does not support H2c. The paths of resource utilization and relationship development to trustworthiness are statistically significant (p < 0.01) but the path of image...
management to trustworthiness is not significant.
These findings support Hla and Hlb but do not support Hlc. In addition, the combination of statistically significant paths of resource management and relationship development to trustworthiness plus the statistical significance ($p < 0.01$) of the path of trustworthiness to ethical stewardship supports H3a and H3b. Without the mediating influence of trustworthiness, the three dimensions of leadership behavior explain only 59% of the Variance Accounted For in the ethical stewardship data, as compared to 69% explained by the model.

When changing the order of trustworthiness and the three leadership dimensions (trustworthiness to the three leadership behaviors to ethical stewardship or TLE) the model yields a chi-square of 181.8, 84 degrees of freedom, $p < 0.01$ and RMSEA of 0.063. This alternative model fit is not as good as the LTE model results previously described.

These results suggest that leader behavior have a strong impact on perceptions of trustworthiness for the traditional resources (resource utilization and relationship development) — consistent with and supporting the extensive research about these fundamental elements of leadership. The fact that the hypotheses for image management were not confirmed does not negate the importance of this construct. In fact, these findings are entirely consistent with Collins’ (2001, 2005) observations about the humility of Level 5 leaders who seek to avoid being self-promoting. The fact that the strength of the correlations between leadership behaviors and ethical stewardship perceptions were increased when mediated by perceived trustworthiness is particularly important, inasmuch as that result confirms the importance of trustworthiness in stakeholder perceptions of ethical stewardship.

**Contributions and opportunities**

Increasingly, those who write about leadership have suggested that inspired leadership enhances personal commitment and rises to the level of stewardship when those who lead pursue a course of behavior that enhances and enlarges the contribution of other stakeholders (Cameron, 2003; Covey, 2004; Pava,
Great leaders earn the trust of others when their commitment to the organization is perceived as their primary motivating behavior (CoUins, 2001), and their intentions are virtuous (Cameron, 2003; Solomon, 1992). Great leaders create new meaning and purpose for those whom they serve when their actions become transformational — blending integrity with effectiveness in the achievement of uncommon results (Hosmer, 2007; Paine, 2002; Pava, 2003).

In addition to providing confirming insights about the conceptual relationships between leadership, trustworthiness, and ethical stewardship, the empirical contributions of this article provide subtle but significant insights about the three constructs:

Confirmation of the value of Chemers' (1997) three factor model of leadership

Although leadership behavior have been identified as factors critical to achieving organizational success (Mintzberg, 1973), this study's integration of leadership, trustworthiness, and ethical stewardship helps to explain how resource utilization, relationship development, and image management impact individual perceptions that explain why leaders are perceived as trustworthy (Caldwell and Clapham, 2003; Covey, 2004). Our findings suggest that Chemers' (1997) three-factor leadership model accurately describes important elements of leadership behavior, especially as those elements impact subjective perceptions about key tasks of leadership (Collins, 2001; Kolp and Rea. 2006). The importance of image management and its fine-grained nuances appear to be difficult to measure because of the relationship between image management and the humility of Level 5 leaders.

Affirmation of the importance of Mayer et al.'s (1995) model of trustworthiness

Consistent with a growing body of empirical research (Bews and Rossouw, 2002; Mayer and Gavin, 2005; Serva et al., 2004), our study reinforces the important role of trustworthiness as a critical antecedent to building personal commitment and trust, and adds special insights about the importance of subjective perceptions about trustworthiness as a mediator for understanding those relationships. Affirming the insights offered by Senge (2006), our study also provides evidence that personal commitment reflects the degree to which the person who trusts believes that another party is trustworthy (Caldwell and Hansen, 2010). Understanding how the personal calculus of trustworthiness is determined (Creed and Miles, 1996). based on the subjective mediating lens of the trustor (Caldwell and Clapham, 2003; Primeaux et al., 2003), becomes an important variable for a leader to consider if (s)he seeks high commitment behaviors that manifest high trust and is vital to understanding the confusing nature of trust that has plagued the academic literature for the past two decades.

Validation of Block's (1993) stewardship model

As a model for ethical governance, Block's (1993, pp. 23—25) description of "service over self-interest" reflects a perception about governance and wealth creation that empirical research has steadily reinforced over the past decade (Cameron, 2003; CoHons, 2001; Paine, 2002; Pfeffer, 1998). Our study suggests that ethical stewardship is a topic that merits much more study as a governance approach, particularly in a global environment that depends on long-term wealth creation and the establishment of strategic competitive advantage (Caldwell and Hansen, 2010; Kolp and Rea. 2006). If wealth creation is a function of creating high commitment based on high levels of trust (Covey, 2004; Hosmer, 2007), academic scholars and practitioners need to understand more about the factors essential to build both trust and commitment. In a global marketplace that has increasingly been acknowledged to be a knowledge-, wisdom-, and service-based economy (Covey, 2004), which is dependent on personal initiative and creativity to deliver innovation and profitability (Christensen, 2003), the importance of the relationship between a stewardship theory of governance and the creation of increased employee commitment must be understood by both practitioners and academic scholars.

Reinforcement of the role of the mediating lens

This study suggests that the "conceptual calculus" (Creed and Miles, 1996) by means of which we each
assess the behaviour of others merits greater research. Our findings reinforce the importance of the mediating lens and the complex but subjective nature of the decision to trust. More research is needed to be able to tease out the factors that influence our subjective perceptions and to understand why those perceptions vary (cf. Bews and Rossouw, 2002; Caldwell and Clapham, 2003). The mediating lens has been acknowledged by scholars (Fiske and Taylor, 2007) to impact perceptions, but little empirical study has been done to describe how its components actually affect perceptions about trust, trustworthiness, leadership, and governance.

Conducting more applied research

Survey research is employed in this study with students as subjects. The measures derived in this study may need further refinement and validation. Opportunities for future research include replicating this study using other samples and other stakeholder groups. We note that it is often difficult to obtain access to organizations (1) to empirically test perceptions of employees about those who lead them, or (2) to evaluate the governance philosophies of organizational leaders. Despite this difficulty, practitioners and scholars have much to gain by creating partnerships to investigate and evaluate the validity of the relationships between leadership intentions and how those intentions and behaviour are assessed by organization members. This study affirms the importance of key perspectives about leadership, governance, and trust and provides evidence for creating partnerships to carry out more applied research in working organizations, rather than limiting that research to students in an academic setting.

Conclusion

In their insightful discussion of leadership, Leading with Integrity, Kolp and Rea (2006) have suggested that great organizations and truly great leaders integrate character and competence to earn the trust of others. This trust in leaders is key to creating added value for organizational stakeholders and increased wealth for society. In writing about worth and trustworthiness, Kolp and Rea (2006, p. 257) suggest that "the pursuit of virtue also has practical benefits of adding value." We suggest that organization leaders who pursue ethically virtuous choices (Cameron, 2003b) will not only honor their ethical obligations to employees and society, but will position themselves to create greater long-term wealth and to add lasting value to society.

Rethinking the assumptions of "command and control" management makes sense in an economy that is increasingly dependent on empowering employees and building trust (Paine, 2002; Pfeffer, 1998). Solomon and Flores (2003, p. 11) have observed that trust is the "dynamic precondition" for successful relationships in today's complex economic environment. Building trust, they explain, is based on a belief that those who lead are truly authentic—and that trust must rise to the level of a "how to" rather than a "knowing that" (Solomon and Flores, 2003, p. 13). Increasingly, the message of scholars (Cameron, 2003; Pava, 2003; Paine, 2002) and management experts (Colhns, 2001; Pfeffer, 1998) confirms the thinking voiced by Kolp and Rea (2006, p. 257) that "the pursuit of virtue also has practical benefits to adding value." Honoring a model of leadership that rises to the level of ethical stewardship can enable businesses to build trust, improve profitability, and achieve more effective results long-term (Caldwell et al., 2002).

References


Leadership, Trustworthiness, and Ethical Stewardship


