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Trusting Organizations: Organizational Structure, Trust, and the Implications for Leaders

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The purpose of this study is to analyze how organizational structure influences the attitude of trust between leader and follower in two non-profit organizations. The following discussion argues that a restrictive structure is evidence of mistrust towards individuals. The restrictive structures inhibit individual action and prevent leadership. The restrictive structure produces managers as opposed to leaders. Conversely the argument follows that a structure with few limitations placed on the individual produces an atmosphere of trust between individuals. Trust between a leader and follower allows for genuine leadership to occur. The analysis reveals how the dynamics of trust built in by the structure of each organization impacts its functionality, specifically in terms of leader-follower relationships and, in a broader sense, overall performance.

Organization A and Organization B share values and a similar broad purpose. On the surface Organization A and Organization B could easily be mistaken for one another or lumped into the same category. The two organizations have more in common than they have distinguishing them. Both organizations use similar time-tested methods for running programs and outreaches, and both are looking for new alternatives to improve effectiveness. These voluntary organizations do not compete for members but work together because they are ultimately attempting to reach the same goal. The main difference between these two very similar organizations is their structure. The two organizations possess similar settings, similar volunteers and similar contexts; one would assume this would lead to similar levels of trust. However, this is not the case. The main contextual factor that differs between the two non-profit organizations is the structure that provides the backbone upon which trust is formed.
Organizational Structure

Organizational structure is a key component that determines the role and function of an individual in a position of power. According to Peter Senge's text, *The Fifth Discipline*, structure influences human behavior. Structures create "conditions where types of events become likely". A structure will produce a similar response from different people. Certain structures allow for leaders to emerge while other structures produce managers.

Organizational structure builds patterns of behavior and defines roles. How organizations structure human capital determines the allocation of resources, regulates how the resources are utilized, defines individual positions, controls the ability to accomplish tasks, encourages a distinct pattern for performance, and influences the types of interactions and relationships between organization members. Organizational structure determines crucial elements of an organization's culture and atmosphere. For example, if the company's information, power and decisions flow orderly in a rigid hierarchy pattern and the senior executives work in a different building, this results in creating a different culture than if the organization operated within the confines of a relatively flat structure where the senior executives share the same work space as a new hire. These two dissimilar organizational structures communicate different messages concerning the value, trust, and importance given the employee.

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2 Senge, 43.
3 Transforming the Structural Design System (Chicago: The Center for Parish Development, 1995), 4
“Structural forms communicate messages about roles and relationships, about values and worth of persons. Structural forms indicate who will be in and who will be out of various information loops, about who will have power and influence and who will have none in shaping the life of the organization”4.

Structure determines roles and relationships. The structure of an organization reveals who receives information, power and influence.

The Dynamics of Trust

Trust is a complicated and multifaceted concept that is not readily succinctly defined. Robert Solomon in his essay, “Ethical Leadership, Emotions, and Trust: Beyond Charisma”, spends seven pages discussing and describing trust, but he never proposes a concise definition5. Trudy Govier, a respected thinker on issues of trust and relationships, devotes the first chapter of her book, Dilemmas of Trust, to describing this concept but fails to offer a condensed definition. Govier, like Solomon, makes observations, descriptions, and even states several times, “this is trust,” but she refrains from offering a single concrete definition6. Francis Fukuyama wrote a four hundred page book entitled, TRUST: The Social Virtues and the Creation of Prosperity, and in these four hundred pages not a single solitary definition for trust can be uncovered7. All of these thinkers and philosophers have been unable to offer a simple definition for this elusive yet common attitude called trust. Dale Zand, a leadership theorist with a more

4 Transforming, 4.
practical bent, grounds the ephemeral concept of trust by contributing a definition in his

"Trust consists of a willingness to increase your vulnerability to another
person whose behavior you cannot control, in a situation in which your
potential benefit is much less than your potential loss if the other person
abuses your vulnerability"8.

His definition adequately describes the attitude of trust and provides a base upon which to
create an operationalized method of measurement

This definition, although accurate, fails to capture all of the significant and
intriguingly intricate dynamics of trust that will lead to an understanding of the reason for
the differences between leader-follower relationships in Organization A and Organization
B. Trust assumes a relationship, and leadership is a relationship between leader and
follower that is shaped by context. The nuances of trust and leadership must be explained
before the concept is operationalized and applied to the chosen organizations to judge the
comparative degrees of trust.

Trust, presupposes a relationship; that relationship can be between man and man
or man and organization9. Anything or anyone that man relates to, he places a degree of
trust in that object. For example, in everyday life students unconsciously place a degree
of trust in teachers that they will grade fairly and teach responsibly. Congregations of
followers trust ministers to provide them with truthful spiritual counseling. And citizens
in a democratic republic trust their elected officials to govern in the people’s best interest,
or better yet, citizens trust the governmental structure of checks and balances and the
party system to ensure nothing drastic occurs

University Press, 1997), 91.
9 Man is used in a gender neutral sense.
Govier remarks, “Trust is an attitude based on the past and extending into the future”\textsuperscript{10}. History or past actions, shape individual attitudes, opinions and perceptions of another person’s trustworthiness. The formulated attitude or expectation of trust creates the foundation for future interactions. For example, students trust teachers because in the past teachers have been reasonable and fair. Stereotypically, citizens distrust politicians because of past abuses and scandals. Individuals consciously and unconsciously develop attitudes of trust or distrust based on the past.

Involved in every social situation, leader-follower interaction, is a degree of trust. Govier and Solomon both state that followers by nature would rather trust than distrust. Group members almost without exception unquestionably expect other members to abide by a set of unspoken, widely held and commonly understood rules that traverse their society. Govier keenly notes,

“One reason that we underrate the significance of trust is our strong tendency not to notice it until it breaks down. The ‘normal’ situation, we assume, is the one where things go as we expect – where people act reliably, institutions function as anticipated, and our trust is not betrayed”\textsuperscript{11}.

When an individual goes to the grocery store he expects the clerk to scan his items and take his money. He trusts the clerk to act this way based on past experiences. The shopper does not expect the clerk to act rashly and pull out a weapon. When a rule is broken, fear and distrust result. Without trust, leadership, organizations, and societies are inconceivable.

\textsuperscript{10} Govier, 18.  
\textsuperscript{11} Govier, 5.
All the theorists, especially Govier, Solomon, and Fukuyama, stress the importance of understanding that a certain degree of trust forms the backbone of every society. The trust that undergirds every social interaction compromises the first and broadest of three levels of trust that society builds upon. The second level, organizational, and third level, interpersonal, comprise of the building blocks that form the general degree of cultural trust.

The relationship, expectations, and experience that go together to create trust are, in turn, shaped by culture. Francis Fukuyama discusses trust in terms of culture. Different cultures construct differing degrees of background trust. When explaining background trust he states, "Trust is the expectation that arises within a community of regular, honest, and cooperative behavior, based on commonly shared norms, on the part of other members of that community"\(^\text{12}\). Communities develop a set of expectations for the members of that community to follow. These expectations ‘based on commonly shared norms’ provide the frame of background trust.

\(^{12}\) Fukuyama, 26.
The degree of trust in a culture impacts the degree of trust in an organization. Fukuyama states clearly that trust is culturally determined and that

"community will emerge in differing degrees in different cultures. The ability of companies to move from large hierarchies to flexible networks of smaller firms will depend, in other words, on the degree of trust and social capital present in the broader society."\(^{13}\)

According to Fukuyama the degree of trust in an organization is influenced by the degree of trust in society. This is the case because an organization structures human capital. The resource of humans organizations collect from comes from the broader society. Simply stated, the degree of trust in a society controls or influences the degree of trust in an organization, neighborhood, or school because the members of society are the same as those found in organizations and neighborhoods.

Normally, the levels of trust in society and in organizations match because an organization is a collection of individuals from society; however, organizations form distinct cultures that can significantly alter the level of trust between employees. In this study, I am interested in how organizational structures have caused the formation of distinct cultures with varying degrees of trust. Organizational structure is the isolated variable in this study because it, more than anything else, differs between the two organizations. Logically, two organizations in the same society with the same purpose and comparable members should have similar degrees of trust. However, this is not the case and the primary factor for this not being the case is organizational structure.

If Fukuyama depicts the cultural aspects of trust, Govier's specialization in trust and interpersonal relationships offers telling insight into the individual psychology of trust. Individuals living in an environment with a low-degree of trust form relationships

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\(^{13}\) Fukuyama, 25.
founded on suspicion and low expectations of others’ trustworthiness. In her account of
trust, she describes the impact of individual’s beliefs about themselves, others and the
world. Govier explains that attitudes of trust and distrust

"are centrally important in personal and collegial relationships, affecting
the people we live and work with, the quality of our interactions with
them, and our broad sense of human nature and the social world"\(^\text{14}\).

The degree of trust in society affects all interactions from family and friends to leaders
and followers and generates a generalized conception of mankind. Trust is a positive
relational attitude that permeates all of human activity from feelings to thoughts to
actions. Trust involves a positive expectation including two dimensions, motivation and
competence. When a person trusts a leader, he expects the leader to comply with a
positive motivation, to help and not harm, and with competence. Govier acknowledges
that “Our trust is based on our beliefs, and our beliefs are grounded on evidence from
experience”\(^\text{15}\). Humans expect other humans to act rationally and orderly unless a past
experience of broken trust causes such a great deal of psychological harm that an
individual has difficulty thinking rationally about others.

According to the scholars trust has many benefits. From a psychological
perspective, Govier notes that a trusting environment allows individuals to feel safe and
relaxed. In such an environment the follower feels comfortable and free to increase
vulnerability, cooperate, and depend on others\(^\text{16}\). Robert Solomon and Fernando Flores
comment in their book, Building Trust, that trust permits freedom or the removal of

\(^{14}\) Govier, 4.
\(^{15}\) Govier, 9.
\(^{16}\) Govier, 6.
barriers that are frequently constructed to hedge and limit individual's actions\textsuperscript{17}. In terms of leadership, trust increases productivity, creativity, group cohesion, and efficiency\textsuperscript{18}.

While trust has many benefits, distrust has many negatives. Psychologically when followers distrust, they feel tense and suspicious often accompanied by a degree of uncertainty because they never know what will happen; all they know is what they can hypothesize\textsuperscript{19}. According to Govier, frequent ways people respond to distrust are establishing contracts, appealing to rules, attempting to control the leader, and surveillance\textsuperscript{20}. As noted earlier, Fukuyama observes that when followers distrust they will only work together under a system of "formal rules and regulations, which have to be negotiated, agreed to, litigated, and enforced, sometimes by coercive means"\textsuperscript{21}. Distrust limits the quality and outcome of the leader-follower interaction. Distrust causes followers to close off and constantly be on guard for the leaders' actions.

Having outlined the impact of culture and organizational structure upon the relationship of trust among members of an organization, it remains to suggest how the level of organizational trust impacts the interactions between leaders and followers. For this, we must distinguish between leading and managing. John P. Kotter, a Harvard professor and a leader in the scholarship concerning leading versus managing, states in his book, \textit{What Leaders Really Do}, that "Managerial processes must be as close as possible to fail-safe and risk-free"\textsuperscript{22}. In other words, managing involves an extremely small amount of trust and risk. Managers operate in routine and predictable patterns with


\textsuperscript{18} Zand, 125.

\textsuperscript{19} Govier, 151.

\textsuperscript{20} Govier, 152-162.

\textsuperscript{21} Fukuyama, 27.

minimum uncertainty. The role of a manager requires very little trust and very little need to inspire trust. In contrast, leadership commands the ability to trust, build trust, and take risks. Leadership takes a risk by trusting followers to determine the necessary actions to advance the leaders vision. Leaders do not control their followers' every action. Instead they give them the freedom and influence to make decisions and take risks. Leaders motivate and convince; they draw people to themselves instead of controlling the actions of those subordinated to them.

In order to better explain the differences between leadership and management, Kotter draws three clear distinctions between those who lead and those who manage. First, leaders set a direction while managers plan and budget. Second, leaders work at aligning people as opposed to organizing and staffing individuals. And the final distinction states leaders motivate people, whereas managers control and problem solve. Although leaders and managers have different roles, functions, and behaviors, one is not necessarily better than the other.

Leaders point in a direction and say, “let’s go”; managers define a goal and give a clear detailed plan for getting there. The difference between a direction and a plan is one requires ordered steps and the other permits change. A plan demarks an end-goal and steps to attaining that goal. Beyond the goal there is nothing planned until a new goal is created. In addition, when something unexpected happens plans must change. With direction, a leader informs his followers this is the path we are traveling. When an obstacle happens the direction does not change only the strategy. Leaders have freedom to act and change strategies when they associate with a vision. Clearly, only leadership

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23 Kotter, 59.
24 Kotter, 55.
asks for the type of risk-taking and exposure to uncertainty that requires trust as we have
defined it.

In the second distinction, managers organize workers in set patterns and create
monitoring processes, whereas leaders work at identifying people who can help the vision
move forward. In order to adapt to change, managers create

"an organizational structure and set of jobs for accomplishing plan
requirements, staffing the jobs with qualified individuals, communicating
the plan to those people, delegating responsibility for carrying out the
plan, and devising systems to monitor implementation"²⁵.

A manager works inside a defined structure and builds a defined pattern of behavior
around himself to monitor the actions and behaviors of others. Thus, management
effectively eliminates essentially all need for trust. Leaders, on the other hand, align
people. Aligning people “means communicating the new direction to those who can
create coalitions that understand the vision and are committed to its achievement”²⁶.

Aligning people uses their talents, creativity and abilities to achieve a mission they
believe in. Aligning individuals involves stimulating them to action. Again, because of
the uncertainties involved in the pursuit of this “new direction,” trust between leaders and
followers is required.

Finally, leaders motivate and inspire while managers control events and people to
reach set goals. Leaders achieve a vision by appealing to higher human needs such as the
need for belonging, recognition, independence or self-actualization. Those who lead do
not control events or use control mechanisms to achieve an end. Consequently, managers
use control mechanisms to achieve a certain predictable set of results: “The whole

²⁵ Kotter, 54.
²⁶ Kotter, 54.
purpose of systems and structures is to help normal people who behave in normal ways to complete routine jobs successfully, day after day. It’s not exciting or glamorous. But that’s management"\(^\text{27}\). Management tends to make activities bland, safe, and predictable. The heads of organizations that manage employees display low degrees of trust in their followers and their abilities. Leaders, who exercise leadership, communicate a high degree of trust to their followers which culminates in a high degree of trust in the organization.

The relationship of central importance in this study is the leader-follower connection. A degree of trust based on past experience supports the leader-follower relationship. Robert Solomon talking about trust and leadership states, "leadership is an emotional relationship of trust"\(^\text{28}\). Solomon, working with Fernando Flores, defines leadership, "Leadership, as opposed to mere power, requires trust, the trust of others to be led into not only an unknown but an adventurous future"\(^\text{29}\). When followers believe the leader to be competent and acting in their best interest, productivity, creativity, and cohesion all result. However, when the followers suspect something less of the leader, they shut down lines of communication and monitor the leader. Like trust, leadership presupposes a relationship. Leadership requires more trust than the degree of trust supporting society.

Trust found in an organization "enriches relationships, fostering cooperation, creativity, and commitment. Mistrust weakens relationships, bringing to them suspicion and deception"\(^\text{30}\). Trust improves performance and decision quality while mistrust causes

\(^{27}\) Kotter, 60.
\(^{28}\) Solomon, 98.
\(^{29}\) Solomon and Flores, 147
\(^{30}\) Zand, 89.
performance and decision making ability to suffer. Taking this idea of trust from interpersonal relationships and applying this idea of trust to organizations offers telling insight into potential causes for success and failure. An organization that cycles trust will produce an open and relaxed environment ripe for leadership and innovation while a cycle of mistrust causes suspicions and stifles productivity and creativity.

In summation, a degree of trust forms the backbone of every society and consequentially every organization. The degree of background trust determines the type of social relationships and organizational structures of newly formed or recently changed organizations. The quality of relationships with friends, family and between leader and followers depends on the degree of trust in their particular microcosm of society. Judging the degrees of trust requires examining how leaders and organizations share information, permit influence, and exercise control.

Individuals frequently refer to those in places of power as leaders. For example, the heads of a corporation form the leadership team. People in places of power with the positional status of a leader do not necessarily lead; in fact many manage. Solomon and Flores use the term leader to describe both a leader and a manager although leader and manager, as we have seen, have distinctly different roles.

“Authentic trust opens up a special role for leaders, those who exemplify the art of trusting and inspiring trust. In ordinary times, leaders might just as well be managers or administrators, people who are “in charge” in only the limited sense of coordinating and motivating routine and familiar patterns, leading to a predictable and therefore “manageable” future. But when the world is rapidly changing, managers and administrators tend to

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31 Kotter, S1.
be dead weight, holding down an organization's center of gravity, perhaps, but also, inevitably, holding the organization back.\textsuperscript{32}

In this description, the word leader is used in two senses of the word. First, a leader is someone that is able to inspire trust and trusting. Leaders that trust followers take the risk of permitting followers to take risks and attempt something new which the followers then reciprocate back to the leader. Leadership is synonymous with taking risk. Leaders build the trust and support necessary to take risks and step out into uncertainty. For this type of leadership the relationship between leader and follower is essentially important. This leader might have the legitimate power but chooses to lead and take risks based on referent power guiding followers beyond a stated task for the purpose of accomplishing something greater. The second, usage of leader is the person whose focus is task related and centers around being “in charge”. The focus of this ‘leader’ is the completion of set patterned tasks toward a manageable and predictable future. For the remainder of the paper the term \textit{leader} will be used to describe only an individual who inspires trust and motivates beyond set goals, and the term \textit{manager} will be used to describe the individual who is “in charge” and manages to a predictable future

A cycle of trust produces the type of environment where a leader can lead, and the cycle of mistrust produces the role of a manager. A leader cannot lead in an environment of distrust because no one will trust to follow into an unknown future. And a manager is either created by the requirements of a position or by his own choice. An organization that cycles distrust because of its structure will always produce managers, but an organization that cycles trust gives the person with the power the ability to choose whether he will lead or manage. If he begins to manage he will begin to cycle distrust

\textsuperscript{32} Solomon and Flores. 146
because managing equates to mistrust. Eventually, he will end up building an organizational structure confined and limited by rules\(^{33}\).

**Operationalizing the Study**

The initial challenge of this study is to determine how the degree of trust in an organizational structure is to be measured. Zand’s definition and methodology provide a way to operationalize trust and comparatively measure the amount between individuals. The tools that Zand provides for measuring this attitude or willingness to increase vulnerability is observed in specific behaviors.

“People express trust, or mistrust, through three elements of behavior: information, influence, and control. Leaders communicate trust by how they disclose information, share influence, and exercise control”\(^{34}\).

In his statement Zand provides three practical areas to observe to discover if the leader communicates trust. Zand’s approach to leadership focuses on the leader and minimizes the followers. The leader that reveals timely and accurate information “about [his] goals, alternatives, and intentions” trusts his subordinates\(^{35}\). The leader proves how much he trusts an individual according to the degree that he permits the individual’s information to change his behavior. And finally, the more freedom to make decisions and act a leader allows an individual, the more trust is apparent. Zand measures trust in an organization by beginning with the leader and not the follower. Zand’s leader-centric approach assumes leadership equals leader autonomy as opposed to group participation.

\(^{33}\) Zand, 96.
\(^{34}\) Zand, 91.
\(^{35}\) Zand, 92.
A leader can communicate trust in one, two or all three areas. Deficiencies in one of these three areas cause mistrust to be communicated and increased instead of trust. This is often amplified as a result of the nature of trust's cyclical relationship. When a leader trusts by sharing information, permitting influence and appropriate intervention, the follower perceives trust and in turn responds to the leader with a reciprocal trust. The leader perceives the followers' trust and increases trust and the cycle continues until it reaches a balancing point or a natural equilibrium. As soon as one element of mistrust enters the cycle, distrust is communicated and the other person perceives the distrust and worries about increasing vulnerability. The cycle of trust eventually weakens and turns into a cycle of distrust.  

In the following analysis, the degree of trust in an organizational structure will be tested by the same leader-centric standards used to test the degree of trust between leader and follower. I take Zand's operationalized statement and replace the term leader with organization to produce a method for discovering whether an organization communicates trust or mistrust based upon its structure.

Organizations communicate trust by how their structure allows for the disclosure of information, the share of power, and the exercise of control in activities. I make this assertion because the structure of an organization communicates how information, power and control operate. In addition, organizations are collections of leaders (managers) and followers arranged in a pattern and given rules for behavior.

Organizations that are structured to clearly communicate goals and deliver timely and accurate information, according to this framework, create trust. Organizations that

36 Zand. 96
exhibit incomplete or untimely information flow show a mistrust for their members. Like leaders, structures communicate trust when they permit information from an individual to change behavior. In this leader-centric approach, structures that disregard individual information spawn mistrust. For example, organizations founded on democratic rule do not trust the individual voice but a majority collection of voices. Finally, the number and types of limits a structure places on an individual influences the degree of trust. High-trust organizations permit freedoms to individuals. These three measures, taken together, determine the degree of trust the structure produces which is ultimately the degree of trust in the organization.

In the argument that follows, I argue that low-trust Organization B manufactures managers and high-trust Organization A generates leaders. I begin my proof by describing the structure and functioning of both Organization A and Organization B. Then, I comparatively gauge the degree of trust between the organizations by comparing how they disclose information, permit individual influence, and regulate behavior. My argument suggests that Organization A cycles trust and clearly cultivates a considerably greater quantity of trust than Organization B. Based upon this finding, I assert that the degree of trust in Organization A permits leadership while the degree of distrust in Organization B produces managers. I conclude by evaluating how differing attitudes of trust influence every segment of Organization A and Organization B situated in their respective contexts.
Organization A is a “network organization.” A network organization is the joining of independent units to form a unified alliance that makes them individually stronger because they are apart of a larger umbrella with pooled resources. The philosophy behind network organizations is similar to the old proverb; a cord of three strands is not easily broken. Fukuyama in his text notes, “network organizations achieve economies of scale and scope on the level of leading Western firms but within a looser organizational form that permits a greater degree of flexibility than the equivalent vertically integrated American firm.” A network allows smaller firms to partner, and together have a greater impact than if they each stood alone.

Network organizations, like Organization A, associate and unite around a shared vision. This shared vision gives purpose to action. According to Peter Senge,

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Fukuyama, 73
“A shared vision is not an idea... It is, rather, a force in people’s hearts, a
force of impressive power... Few, if any, forces in human affairs are as
powerful as shared visions... They create a sense of commonality that
permeates the organization and gives coherence to diverse activities... A
shared vision is a vision that many people are truly committed to, because
it reflects their own personal vision”\textsuperscript{38}.

Shared visions pull all parts of the network together because of a common drive to
accomplish a common goal. Abraham Maslow observed high-performing teams and
discovered the common characteristic of a shared vision and purpose. Maslow also noted
that people could not define themselves apart from their vision\textsuperscript{39}.

Organization A formed in 1994 when three men who were leading their own
smaller volunteer enterprises joined together. Later, six other men leading their own
volunteer organizations committed to join the new-founded network because the same
vision drives their respective organization and lives. They understood that joining the
network and working together as a team would increase their influence and advance the
greater mission. These nine individuals now form the Board of Executive Directors for
operations in thirty-six countries for Organization A. Organization A, the result of a
compilation of multiple organizations, extends from the Board of Executive Directors
directly to over 250 local branches. A local branch, depending upon size, location,
resources and other demographic factors, will draw from the many resources and services
under Organization A’s umbrella. The availability of these extra services allows the local
branch to work towards its specific vision while accomplishing the vision of the larger
network. Two local branch extensions of Organization A can look entirely different and

\textsuperscript{38} Senge, 206.
\textsuperscript{39} Senge, 208.
offer dissimilar programs because the individual branches have the flexibility to adapt to their surrounding environment and capabilities.

One director, not necessarily from the Board of Executive Directors, controls each local branch. The responsibilities for the director include creating a vision for his extension to accomplish the greater vision of the network, ensuring that his senior staff implements the vision, and reporting to an Advisory Board of other branch leaders. The director experiences freedom to set his agenda, requirements, and expectations. He can freely draw from the resources of organizations and programs that Organization A offers. On the local branch level all of the decision making power resides in the hands of the director. Only in extreme cases do the Advisory Board members have the power to intervene and halt a decision or remove a unit head.

Selection for branch directors does not necessitate a certain degree of education, and a certain degree of education does not determine a position as a director. Directors from Organization A tend to always come from inside the network if not the specific branch where they have been serving. Unit heads are chosen based on past performance and a proven track record. Before an individual is promoted he has to prove his trustworthiness and capableness to the Director, Advisory Board members, and staff at large for a sufficient period of time. Directors and Advisory Board members work together to identify and select individuals to replace the existing director or to lead a new branch.

In Organization A, senior staff members work directly with the director of each branch. The volunteer senior staff bear the responsibility of implementing the vision instituted by the director. Senior staffers work with the director to create and develop
strategies for the volunteer staff to execute. The director appoints senior staff members as he sees fit after consulting with his Advisory Board. Although the senior staff is unpaid, they are dedicated and devoted to the success of the organization. Constant communication allows decisions to flow quickly from the director to the staff. The senior staff has input but like the Board of Executive Directors, one person after receiving counsel makes the final decision.

*Organization B*

![Organization B Hierarchy Diagram](image)

Organization B is a hierarchy-type of organization. Five levels separate the top from the bottom in Organization B. Four levels are standing representative governing bodies responsible for leadership, guidance, and government for all local branches in
their jurisdiction. "The governing bodies are separate and independent, but have such mutual relations that the act of one of them is the act of the whole." The governing bodies are separate but at the same time have mutual relations. The reason the governing bodies have mutual relations is because members from one body form the next body. Essentially, all of the members in "higher" governing bodies come from the local level. Organization B is structured similar to a democracy. The leaders are elected to the local level. From the local level they are elected to the district level, from the district level to the regional and national levels. Organization B is structured in such a way that the near entirety of the system must approve of a decision. There is no room for individuals to take risk or step out into uncertainty with Organization B.

As in a democracy all of the power starts with the people. Each local branch has a governing body including the senior director, senior volunteer staff, and if available co-director and associate director. This governing body oversees the staff and operations for a local branch. The staff members select their governing body; thus, the structure forces the staff to give their decision making power to a representative body. Under Organization B’s system of government and structure, the director and senior staff have the same amount of power. They each receive one vote at their meetings. In this non-profit organization the director is employed full-time and the senior staff volunteer. In Organization B’s operating manual the local governing body has twenty-five responsibilities they are required to fulfill. The responsibilities range from keeping "an accurate roll of the membership" to "provide for the management of the property" to "delegate and to supervise the work of the board." The position’s requirements for the

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41 Book, G-9.0103.
42 Book, G-10.0100-.0200.
elected local governing officials, directors and senior staff, are standard and established for all individuals in these positions across the organization.

The district governing body oversees multiple local branches and consists of senior staff and directors elected from the local governing bodies. The district governing body brings together the local governing bodies in a set geographic region to work together. The district body is an equal representation of the local governing bodies. Directors, co-directors and associate directors automatically qualify as members of the district governing body and each local governing body selects the appropriate number of senior staff based on membership to join the district government. The number of senior staff and those with director status must be equal at a district meeting. The district governing body has power over the local branches in its jurisdiction to develop strategy, coordinate work, set the mission, to dismiss, remove or discipline directors, and to review each local governing bodies decisions and actions. This governing body is required to have six committees. Committees range from a council for the coordination of mission and program to a committee on representation to a nominating committee. The regional governing body is responsible for at minimum three district bodies and has twenty listed responsibilities.

The regional governing bodies members' are elected from the district governments whose members came from the local level. Each district must be represented fairly and the number of directors and senior staff must be equal. Regional governing bodies are required to have four committees and are responsible for a larger geographic region than a district body. The national governing body is the final governing body and is a representation of the unity of the regional, district and local
governments\(^{43}\). Each district government automatically gets to send one director and one senior staff to represent them at the national level. The national governing body, as all of the other bodies, maintains a balance between senior staff and directors. The national governing body makes decisions and reviews all of the decisions made in the organization that year. In total, the national governing body has twenty-four set responsibilities and six committees.

Organization B starts with the decision making power in the people then the power slowly trickles to the representative bodies until it reaches the national level. Then the decisions made at the various levels trickle through the structure and eventually get back to the local level. The structure of Organization B has many cogs and stops and time delays for information. Because the governing bodies are standing bodies and might only meet once or twice a year, decisions and information can flow slowly.

The structure of Organization B is filled with checks and balances. Each governing body reviews the body below it and is reviewed by the body above it. To ensure equal representation and that the voice of the individuals at the bottom are heard members from local branches serve at all different levels in the hierarchy. Members of Organization B serve on multiple committees on multiple levels at the same time. A senior staff member and a director have the same power and influence at all the levels of government including the national and local levels.

**Analysis of Organizational Structure**

Organizational structure determines roles and relationships between individuals in an organization. An organizational structure communicates trust by the timely and

\(^{43}\) Book, G-13.0100.
accurate flow of information, by permitting *individual* influence, and by allowing for the *individual* to control his position. A breakdown or failure in one of these three categories will cause an organization to experience a breakdown in trust. The breakdown in trust will result in mistrust cycling throughout an organization. Organization A at the present moment functions in a positive cycle of trust. Organization B, however, fails to permit timely information, disallows individual influence, and strictly controls individual behavior.

*Information*

In Organization A pertinent information travels quickly from the center out because the middle man or director links the Board of Executive Directors and the staff. As a result the vision and information passed down from the Board of Executive Directors gets implemented quickly. Organization A is structured to allow for the quick transfer of information. In Organization B information is made available to the public in the form of notes or conversation. However, other information is passed from committee to committee and level to level. Because of the different legislated channels the information must travel through a significant time lag. This time lapse built in by the system inhibits immediate action by the various governing bodies. Both Organization A and Organization B permit access to pertinent information, but Organization A is structured in a way that allows communication to travel much quicker and in a more palatable fashion. This added speed gives Organization A the advantage in the building of trust.
Influence

The second measure of trust in an organization is judged by the way the structure permits individual influence. Influence is the ability of one person to affect another. The more influence an organizational structure permits the more trust the organization communicates. As already described, the president of the Board of Executive Directors for Organization A has the final decision making authority for the network. The leaders for the organization are essentially given the final say in all affairs covering their area of influence. The structure of Organization A is built in such a way as to allocate power to those in roles of oversight.

The structure of Organization A also permits the local branch director all the power for his branch inside the broad parameters established by the vision of the network. This structure gives directors the freedom to decide how they want run and organize their branch. The director is free to make decisions by himself without the approval of a board. According to Solomon and Flores, freedom and the absence of barriers that limit individual action is evidence of trust. The individuals with oversight responsibilities have proved themselves by their past actions. “Trust is an attitude based on the past and extending into the future.” One of the features that distinguish a leader from a manager is the ability to set a direction. Those with oversight power in Organization A have the freedom to give direction and be creative in the way they approach their area of responsibility.

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44 Solomon and Flores, 150
45 Govier, 18.
Organization B sits on the opposite end of the scale from Organization A. The structure of Organization B has multiple systems of checks and balances built in to ensure that the decisions reached are made by consensus, not individual influence. The very beginning of Organization B is distrust. Organization B starts by having the staff elect their "leaders". The election of "leaders" ensures that those elected will govern according to the wishes of those who elected them. If those elected do not accomplish the wishes of those who elected them they run the risk of not being re-elected. The idea of a democracy, where the leader is accountable to an electorate, reinforces a pattern of leading to a manageable, predictable future determined by the majority. Leaders accountable to an electorate are discouraged from taking risks because risks lead to uncertainty and often go against people's wishes; therefore, making them risky. An identifying mark of a manager is not taking risks but guiding individuals to a predictable and manageable future.\(^{46}\)

The director and senior staff are elected by those they govern. The next step in the structure is to place these individuals on a board that must work together to reach a decision. These boards at minimum consist of two individuals. The structure has automatically communicated distrust of an individual making a decision at this level in the organization. The decisions at this level made by a board in Organization B are made by a single individual in Organization A. Not to mention that the decisions made in Organization B at this level are checked and evaluated by those both below and above, the electorate and the district governing body. In the formal structure for Organization B there is not a solitary instance where one individual can make a decision without majority consensus. For this reason the structure of Organization B sends a message of distrust for

\(^{46}\) Solomon and Flores, 146.
the individual leader. Attempts to control the leader and survey his decisions with the use of excessive checks and balances are a mark of distrust\textsuperscript{47}. On the other hand, at the two governing levels of Organization A, the structure permits individuals to make the decisions. Again the internal framework of Organization A communicates trust, and Organization B’s internal framework clearly communicates distrust for the individual.

Control

The final instrument to measure trust is control. The number of limits a structure places on the leader to control his behavior influences the amount of trust perceived. The more limiting the structure the less trust is evident. Organization A places very few limits on its leaders. Because leaders willingly associate with the vision of the larger network, they are not limited by these requirements of pursuing the vision because they would be pursuing the vision if they were not apart of the network. Organization A places no other limits on the leaders other than the mission to fulfill the vision by whatever ethical means necessary. Because there are no rigidly defined roles and responsibilities the leaders are free to determine for themselves what best fits their situation. The structure of Organization A trusts leaders to determine their behavior. The lack of inhibiting constraints on behavior is proof of trust in an organization\textsuperscript{48}. In addition, no formal role constraints allow the leader in Organization A to work at aligning and identifying those with the talents and resources necessary to advance the vision. Once again creating the environment necessary to nurture leadership.

\textsuperscript{47} Govier, 152-162.
\textsuperscript{48} Fukuyama, 27.
Organization B, as one might imagine, does not have a structure that permits
individuals the control to determine their responsibilities. The structure of Organization
B has already clearly defined the responsibilities of all its members. A 256-page book
outlines their mission priorities and sounds very similar to the book describing each
position's, governing body's, and committee's responsibilities. The lack of freedom for
individuals and even boards to control their positions behavior communicates a lack of
trust in the individual or board to reason or lead competently. The wisdom and ability of
the individual is brought into question. Fukuyama and Govier both acknowledge that
signs of distrust in organizations are the presence of contracts, rules, and regulations.
Organization B operates according to two rule books. Distrust is inherent in the structure.
According to Kotter, "The whole purpose of systems and structures is to help normal
people who behave in normal ways to complete routine jobs successfully, day after day.
It's not exciting or glamorous. But that's management." 49

Clearly, Organization A and Organization B differ greatly in their distinctive
degrees of trust. Organization A's structure builds and cycles a high degree of trust in an
autonomous leader. Organization B's structure has caused it to cycle distrust. Over the
years the cycling of distrust has caused Organization B to add more rules and policies
limiting action and blocking change. Organization A, because of its environment, is a
breeding ground for new leaders while the structure of Organization B forces the
production of managers. In our current world of constant change Organization B is
lagging behind and failing to attract the younger generations while Organization A's
leadership and opportunity for rapid change is allowing it to more effectively keep up and
take risks.

49 Kotter, 60.
The above analysis reveals that the structure of Organization A, according to Zand's leader-centric method of observation, places trust in the individual leader while Organization B gives no trust to individual leaders. One can reasonable argue that the structure of Organization B puts the trust in the hands of the followers. Organization B is a "democracy" or "rule by the people".

Implications for leadership

Organization A and Organization B both face different challenges. The greatest influencing factor that both organizations must understand is that structure determines trust or distrust and produces either leaders or managers. The individuals, to be effective in their respective organizations, need to understand how their structure determines the roles and functioning's of its members.

Individuals generally assume that trust for the leader is most desirable and distrust of the leader is least desirable. When taken to the extreme a structure with a great degree of trust for the leader is similar to that of a benevolent dictatorship. The structure with a considerable degree of distrust for the leader will produce a democracy. This raises ethical questions for the desirability of autonomous leadership. Is it responsible to permit leaders freedoms in order that they might make decisions without hindrance? How many freedoms should leaders be permitted? At the root of these ethical concerns is ultimately the issue of trust and assumptions about human nature. Individuals who wish to limit leader control hold a negative assumption of human nature. These individuals question
leaders' actions and motives. Individuals with a positive outlook on the world trust more easily and attribute positive motives to the leader.50

The degree of trust desired and needed in an organization will vary from situation to situation. Heads of organizations must realize when their structure has become obsolete or ineffective in meeting the needs of the current situation. Leaders, in organizations characterized by distrust for the leader, fight an uphill battle when the system needs changed because they must convince the majority of followers. The opposite is true in an organization with a great degree of trust in the leader. However, the leader with large amounts of power might be too hasty and enact inappropriate changes. High levels of trust allow the leader to act quickly and decisively to meet the needs of a situation. Organizations with distributed power and trust are slower to act to meet the specific challenges of a situation. But the slower organization does have more input and the advantage of looking at the situation after a longer period of time. In essence the organization weighted down by bureaucracy is not changed by every new situation. It continues steadily towards its purpose.

Organization A operates in a structure that allots large sums of trust and power into the hands of a single leader. A high concentration of trust and power creates both positives and negatives for the members of the organization. First, the individuals in positions of power have the opportunity be a leader as Kotter defines a leader. Leaders set a direction, align individuals with a vision, and motivate followers to take action. Second, leaders come from within the organization and are promoted based on performance. Third, the structure creates a positive assumption of people in power.

50 Govier, 4
Fourth, the structure assumes the leader knows best. These four considerations for leaders deeply influence and distinguish Organization A.

Organization B operates in a structure that delegates very little trust and power to one person. The distribution of power among the many individuals creates a different set of positives and negatives for its members. First, the rigid role definitions and required responsibilities instituted by the structure produce managers as defined by Kotter. Managers plan and budget, organize and staff, and control and problem solve. Second, the managers are hired from outside the organization and are placed by level of education. Fourth, the type of structure has a negative assumption of human behavior. The structure also communicates that the followers have the knowledge to run the organization. All five of the attributes affect the members ability to function both positively and negatively.

The structure of Organization A has the potential to produce leaders. The branch leader in Organization A must gather information and facts surrounding his branch. Then he is responsible for writing and promoting a vision that will fit into the network's larger vision and capture the hearts and minds of his staff. The leader in this organization must work at motivating followers. As mentioned before a shared vision can be one of the most powerful forces in nature appealing to higher human needs such as self-actualization. Leaders in this organization face difficulty because the role and responsibility of the staff is not rigidly defined but left up to them to decide how to move towards the vision. The leader gives direction but the responsibility is in the staff to move the organization. The strengths in this approach are the leader has the chance to use one of the most powerful motivating forces, the vision of the branch can be specific
to the location, and everyone has room to be creative and flexible. Weaknesses are the potential for failure in the vision to capture the imagination of the followers, the vision is poorly communicated, and the lack of role definition produces excessive uncertainty leading to inaction.

The structure of Organization B replicates managers. Organization B’s structure is a tight fitting mold that forces individuals to follow strict roles. The managers know their responsibilities. They must act on these responsibilities and attempt to complete them. The responsibilities are the same year after year. There is no uncertainty. The manager knows what to expect and knows what is required as do the followers. The manager faces the challenge of motivating his followers. Motivation, for the manager, is difficult because there are set tasks to be reached year after year. Managers frequently work at motivating by controlling events or using control mechanisms\(^1\). The strengths include lack of uncertainty and clear definitive roles. The weaknesses are lack of creativity and flexibility, lack of ability to bring about change, and lack of means to motivate.

In Organization A leaders come from within the branch. In order to gain greater responsibility individuals must prove themselves before they are entrusted with more responsibility. On these grounds leaders are promoted based on merit. All of the leaders have strong ties relationally to the members in the branch prior to assuming additional leadership responsibilities. As a result of leaders being promoted from within the organization based on merit, Organization A has a strong core of trusted leaders. Because the transition occurs within the branch, the recently promoted leader can transition slowly. The new leader coming from within the organization already

\(^{51}\) Kotter, 60.
thoroughly understands the responsibilities of the position and current atmosphere in the organization. The strengths of promoting from within the organization include a prior mutual relationship between leader and followers, the leader understands the nuances of the specific organization, and there is a time of transition and training inside the organization. The negatives are the new leader will lack an outside perspective, the applicant pool will be limited, and the members will know the leaders past failures and successes.

Organization B takes a different approach and has its volunteer members recruit managers from outside the local branch. The qualification for a manager is a certain degree of education. This assumes that education alone makes an individual, in this case a branch director, effective in management. Managers are interviewed and selected by the staff. Because the manager is selected by the staff and annually reviewed by the staff, he must please the staff or face the potential repercussion of removal. Having to please the staff puts pressure on him to satisfy the majority even if he feels another course of action is better for the long-term. A new manager is unfamiliar with the needs and nuances of the organization he is joining. This gives him a fresh outside perspective, but it also places him at a disadvantage. The strengths of hiring an individual from outside based on degree of education include he is educated and has a fresh perspective. The downside includes a degree of education does not necessarily make a great manager, he must report to his followers, and he lacks an inside understanding of the organization.

Organization A allocates a large degree of trust and power into the hands of the leader. The structure communicates the message that the individuals in Organization A trust the leaders in power are competent to make the best decisions for the organization.

52 Book, G-14.0515.
This message is communicated by the lack of barriers placed to limit the leader and his actions. As a result the members of Organization A tend to have an optimistic outlook on human behavior at least in their leaders. Large amounts of trust and power permit the leaders to make long-term decisions that might be unpopular in the short-run but the most beneficial in the long-run. Because leaders are not held responsible by their followers, they can make the unpopular decision that leaders are sometimes forced to make. The downside to a concentration of power in the hands of the leader is the opportunity for abuse. Organization A appears to have the structure of a benevolent dictatorship with the addition of a removal from power option for moral failures and cases of abuse.

Organization B’s structure communicates the message that individuals alone are not trusted or competent to make decisions. The checks and balances plus the allotment of decision making powers to boards only suggests that Organization B assumes individuals cannot be trusted to make the right decisions. Organization B appears to believe that the sum of the group is greater than the individual. This might be true to a degree but the fact that the representatives are elected by popular vote suggests the electorate wants to have a say in the process. Because the leaders are elected and somewhat controlled by the followers suggests that the followers or majority run the organization. When the followers or majority run the organization the most qualified individual is not given the power to make the decisions but is controlled by the majority. Organization B fails to produce leaders because the organizational structure provides no room for leaders to emerge.

Organization A is structured in a way that makes clear the leader knows best. The leader has earned his position. He has proven to be successful and jumped through
all of the hoops. He has the experience, background and qualifications that set him into a place to make informed decisions. The followers in the organization are recognized as not having the experience or qualifications to make the most informed decisions. The leader has the expert power and the organization allows him to exert his expert power. Because the leader with the expert power gets to make the decisions the organization has a clear direction. To use a metaphor this type of structure is analogous to the teacher deciding what to teach the class as compared to the students deciding what they should learn. In another simple metaphor this structure does not permit the blind to lead. The blind, inexperienced, and unqualified followers do not control the organization. Instead, a seasoned, tested, and qualified leader guides the organization. Allowing the uneducated and inexperienced to make decisions is pure folly especially when there is a successful leader.

Organization B allows the followers to run the organization. With the followers running the organization the managers who have the education and qualifications do not necessarily make the decisions. Organization B would be like a family run by the children instead of the parents. A parent makes an unpopular decision like forcing their child to do homework; the child cannot remove the parent for making this decision. But in Organization B a structure similar to this parent/child scenario exists. Those with the education, experience and qualifications must make decisions in lieu of constituent desires. Even though a decision may be in the long-term best interest of the followers, if they do not see the results today they are not satisfied. What the majority general wants is generally not in their best interest but in the interest of their comfort and ease for the moment. Organization B is ran by the desires and feelings of the uneducated and
inexperienced. *Managers* in Organization B experience a number of conflicts and hindrances that the leaders in Organization A do not face.

The structure of the organization determines how the organization functions and its members interact. Organization A gives leaders a chance to make decisions and be aggressive in accomplishing a vision. Organization A could easily derail under the guidance of power abusive leadership or it could thrive greatly because of the superior leaders it produces through in-house training. Organization B will not derail because of the mistake of a leader. Organization B is weighted down and will not be gone in a day or grow rapidly overnight. Both organizations although they have similar contexts and members differ significantly because of the elements of structuring.

**Organization A and Organization B in Context**

The volunteer network Organization A that has been discussed in this paper is named Morning Star International (Church) and Organization B is the Presbyterian Church (U.S.A.). The names and true identity of the organizations were kept hidden until this point to prevent stereotypes, abstractions, and contextual religious baggage from inhibiting a pure understanding of the dynamics between structure and trust. The analysis section occurred separate from this section to exclude religious arguments and pre-existing mental models relating to church and church government from interfering with the reader’s understanding. In this section the organizations will be explained in their contexts with familiar labels so the reader can better understand the issues discussed in the implications section.
For Organization A or Morning Star International Churches, the Executive Board of Directors is called the Apostolic Board. The local directors are known as Pastors. The local branches are individual congregations in various locations. The senior staff represents elders. The remaining staff makes up the congregation. In the diagram the elders/senior staff are not separated from the congregation because their power is only delegated power from the Pastor. The Pastor is the individual that governs and directs the congregation with his elders as advisors not equals.
For Organization B or the Presbyterian Church (U.S.A.) the local branches are synonymous with local churches. The staff members represent the congregation. The senior staff represents elders. The local directors are senior pastors with co-directors representing co-pastors. In addition, the local government represents the session, a board composed of pastor(s) and elders selected by the congregation. The district government is the same as the Presbytery and contains an equal representation of elders and pastors from the congregations in the Presbytery’s territory. The regional governing body represents the Synod. The Synod is a collection of elders and pastors elected from the Presbyteries in a region. The national governing body represents the Presbyterian (U.S.A.) General Assembly. The General Assembly, again, is an equal representation of elders and pastors from the Presbyteries and Synods. The instruction manuals referenced in regards to the Organization B/The Presbyterian Church are the *Book of Order* and the *Book of Confessions*. 
Concluding Remarks

The religious context blurs vision and judgment when looking at issues related to matters that can be construed as theological matters. Religious issues are anchored deep inside individuals and the slightest challenge or questioning of an individuals beliefs brings about defensiveness. Long standing traditions are extremely difficult to change much less do way with. The structure of the two organizations clearly has an impact on the type and style of leadership practiced.

The Presbyterian Church structure, the denominational structure that places the power in the hands of the people was a direct response to the abuses found in the Catholic Church structure. The structure of Morning Star International closely mirrors that of the Catholic Church with a few minor differences. One structure is not necessarily better than the other but they do produce different outcomes which each organization should be aware of.