

The Role of Leadership and Personality in Trust

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ABSTRACT

Objective – This study aims to investigate the role of leadership and personality in trust.

Methodology – This research uses a survey with a multiple regression analysis approach. The size of the sample is 105 respondents who were selected at simple random from a population of 145 populations using the Slovin formula who were at a low managerial level with work experience of more than five years and assigned to the plantation area were surveyed.

Findings – The results of the study found that there is a direct positive influence of leadership on trust. Also, there is a direct positive influence of personality on trust. Additionally, there is a joint influence of leadership and personality on trust. Referring to these findings, the researcher can conclude that trust is positively influenced by leadership and personality. Therefore, to maintain trust, organizations must apply leadership and personality. Finally, it is concluded that leadership and personality must be considered in generating trust.

Novelty – To increase trust, it should be by increasing leadership, because the value of the coefficient of influence is greater than personality.

Keywords: *Trust; Leadership; Personality*

JEL Classification: M10, M12, Z00

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I. INTRODUCTION

Trust is important in organizations, because without trust it is impossible to have a harmonious relationship between leaders and subordinates. Experts try to define trust based on conditions and points of view. Given that trust contains risks, what can be done within the organization is to build trust itself and can be done by taking into account the following matters: 1) communication, team members and employees are kept informed by explaining policies and decisions and providing feedback; 2) encouragement, being present and approachable; 3) respect, delegation is an important expression of managerial respect; 4) justice, quickly giving awards to those who deserve it; 5) predictable, consistent and predictable in everyday relationships; 6) competent, enhance credibility by showing good business sense, technical and professional ability (Kreitner & Kitnicki, 2009).

According to Ivancevich et al., one way to improve communication within the organization can be done by encouraging mutual trust. Trust can facilitate communication between superiors and subordinates. A superior who builds a climate of mutual trust in the organization he leads will have a high source of credibility in the eyes of his subordinates (Ivancevich et al., 2008).

Factors that influence the development of trust include experience so that they can know who can be trusted and who can't, and second is because of the reputation that is built to be trusted or not. Some things that can be used to build trust in the organizational environment are: 1) completing work on time; 2) carry out the work in the promised manner; and 3) making time for individual values and goals (Greenberg & Baron, 2008).

De Janasz et al. (2009) mentioned that trust is an adult relationship, there are 5 (five) elements of trust: (1) Integrity: honesty, sincerity, and sincerity related to the ability to be honest in whatever is expressed, (2) Competence: having knowledge and abilities, (3) Consistency: feel a good fit with work, give good

opinions in dealing with situations, (4) Loyalty: maintain friendships, (5) Openness: not closed with new ideas, have the same desire (De Janasz et al., 2009).

Based on the explanation of the concept above, it can be synthesized that trust is the willingness and expectation given to an authorized person or group on the basis of mutual respect and respect based on interpersonal relationships in the hope of obtaining results from those given the authority. The indicators of trust are: 1) assignment, 2) task completion 3) team cohesiveness, 4) effective communication, 5) idea development 6) fairness, 7) responsibility, 8) support, 9) consistency, and 10) mutual respect.

Most research on trust focused on the individual level but limited research have been explored on the organizational level. This research examined the role of leadership and personality on trust and how both effects to strengthen it. The importance of this research emancipated from its aims which are to review the antecedents of trust, assess factors that influence the trust on an individual level, explore the relationship of each factor to the trust, and examine findings to theoretical underpinnings to analyze their roles.

The research is structured as: section one is the introduction. Section two presents the related theories from the latest literature as the theoretical study and theoretical framework. While section three explains the research method for hypotheses and data collection process. Section four explores findings to examine hypotheses. Conclusion, including limitations and suggestions for future studies, are presented in the last section.

II. LITERATURE REVIEW

Leadership

Colquitt et al. (2015) define leadership regarding a person's ability to use his power and influence on his followers so that they want to carry out their activities in order to achieve the desired goals. Uhl-Bien et al. (2010) posited that leadership consists of 4 (four) basic components, namely: (1) The influence of idealism: the charisma of a leader and the appreciation of his employees; (2) inspirational motivation: the attitude of the leader in interpreting and creating challenges for his employees; (3) Intellectual drive: leaders who apply new approaches to performance and creative problem solving by employees; (4) Personal consideration: leaders who listen and pay special attention to the growth and mental development of employees. Leadership presents opportunities for image enhancement, recruitment, selection, organizational promotion, organizational management, teamwork, training, development, and the ability to innovate. This has implications for organizational strategic planning, job design and organizational structure. Policies can in organizations to set the desired mix of transformational and transactional styles in leadership displayed by each member of the organization. "These policies can affect the norms, values, and culture of the organization itself. As a result, various aspects of the organization, from strategic planning to employee selection, will be beneficially affected" (Bass & Riggio, 2006).

With the explanation of the concept above, it can be synthesized that what is meant by leadership is a person's action in influencing and directing a person or group of people by recognizing, supporting, training or developing, motivating or inspiring, fostering good relations, nurturing, and providing feedback to others. subordinates to want to work together to achieve the goals set by the organization. The indicators of leadership are: 1) influencing, 2) delegating tasks, 3) organizational policies, 4) organizational vision and mission, 5) implementing policies and 6) activities at work.

Personality

Personality is a characteristic that identifies their tendency to behave in a certain way. This is supported by the opinion of Uhl-Bien et al. (2010) who put forward the notion of personality: Personality is the overall combination of characteristics that capture the unique traits of an individual that are important for understanding and helping a person as a person who reacts and interacts with others (Uhl-Bien et al., 2010). According to Mullins the notion of personality is as follows: personality is in individual's unique set of characteristics and tendencies which shape a sense of self, and what that person does and the behavior they exhibit (Mullins, 2005).

Personality characteristics according to Gibson et al. (2012) include: (1) Conscientiousness, has the following characteristics: hardworking, diligent, organized, reliable and persistent; (2) Extraversion, the extent to which a person is sociable, gregarious, and assertive compared to quiet, calm, and shy or extraversion, describing friendliness, gregariousness, assertiveness; (3) Agreeableness, the level of good cooperation with others and sharing of trust, warmth, and understanding. People who score low on this dimension are cold, incentivized, and antagonistic; (4) Emotional stability, the ability of a person to display in dealing with stress by remaining calm, focused, and confident, as opposed to insecurity, anxiety, and depression; (5) Openness to experience, openness to new things. Open-minded people are creative, curious and artistically sensitive as opposed to closed-minded ones (Gibson et al., 2012).

Based on the description of the concept above, it can be synthesized that personality is a unique pattern of behavior and way of thinking that determines an employee's adjustment to his environment. As for the indicators of personality are: 1) personal resilience (conscientiousness), 2) extraversion, 3) friendliness (agreeableness), 4) emotional stability and 5) openness to experience.

Theoretical Framework

The trust in each organization is different. A socialization process is suggested for new members to support them adapt and fosters confidence towards trust. Hence, H1 - Leadership is positively related to trust (Lin & Hsiao, 2008; Suwatno, 2018; Yukl, 2010; Rad & Yarmohammadian, 2006). Hence, H2 - Personality is positively related to trust (Greenberg, 2011; Ping et al., 2012; De Janasz et al., 2012; Sicora, 2015) and H3 - Leadership and personality are positively related to trust. Figure 1 draws the relationship of both leadership and personality on trust as the theoretical framework of this research to develop hypotheses development.

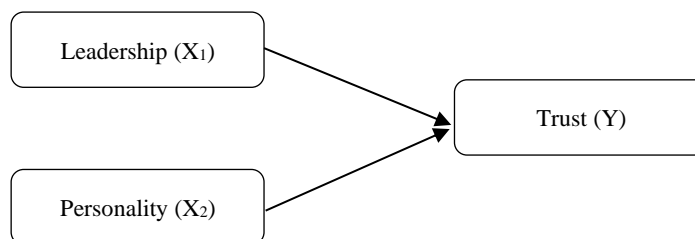


Figure 1. Theoretical Framework of the Research

III. RESEARCH METHODOLOGY

This research was conducted at PT Agro Menara Rahmat, a leading private plantation company in Indonesia, in the third quarter of 2020. Preliminary research found weak trust in the company. This research method uses a survey with a multiple regression analysis approach. The size of the sample is 105 respondents who were selected at simple random from a population of 145 populations using the Slovin formula who were at a low managerial level with work experience of more than five years and assigned to the plantation area were surveyed.

IV. FINDINGS AND RESULT

Trust (Y) was examined by 30 valid questions and analyzed using multiple linear regression (Figure 2), obtained the mean value of 118.08 and the standard deviation of 8.788.

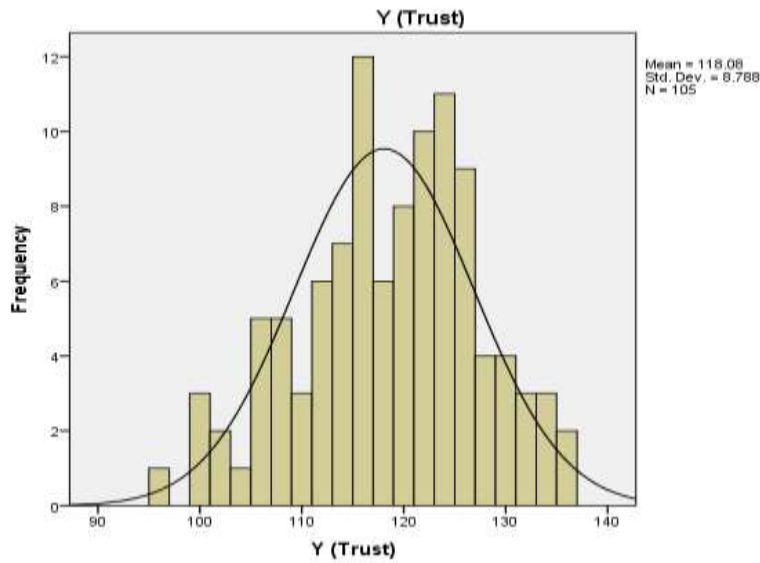


Figure 2. Histogram and Normal Curve of the Trust Variable

Leadership (X_1) was examined by 28 valid questions and analyzed using multiple linear regression (Figure 3), resulted in the mean value of 102.51 and the standard deviation of 11.524.

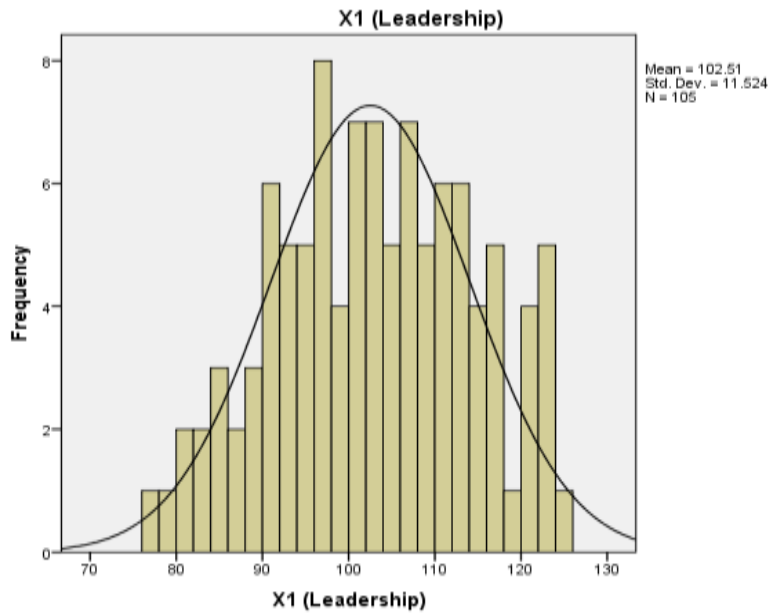


Figure 3. Histogram and Normal Curve of the Leadership Variable

Personality (X_2) was examined by 29 valid questions and analyzed using multiple linear regression (Figure 4), resulted in the mean value of 99.84 and the standard deviation of 14.12.

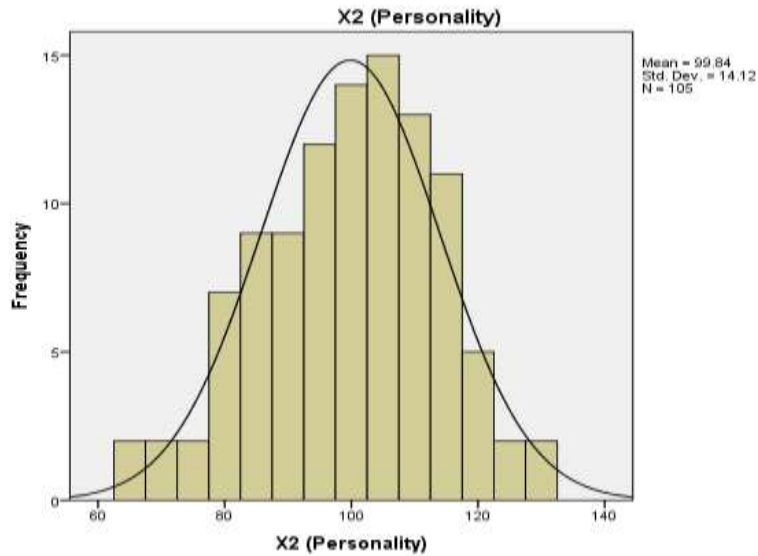


Figure 4. Histogram and Normal Curve of the Personality Variable

Normality Test

The normality test of Kolmogorov-Smirnov was applied to find the significance value of trust (Y), leadership (X₁) and personality (X₂) as 0.200 (see Table 1). It means that the data were distributed normally.

Table 1. Normality Test Result

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Y (Trust)	.072	105	.200 [*]	.984	105	.221
X1 (Leadership)	.047	105	.200 [*]	.983	105	.189
X2 (Personality)	.066	105	.200 [*]	.989	105	.564

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Linearity Test

The linearity significance value of Y-X₁ is 0.000 (see Table 2), means trust (Y) had a linear relationship with leadership (X₁).

Table 2. Linearity Test Result of Y-X₁

		Sum of Squares	df	Mean Square	F	Sig.
Y (Trust) * X1 (Leadership)	Between Groups (Combined)	3942.340	43	91.682	1.368	.129
	Linearity	1752.453	1	1752.453	26.143	.000
	Deviation from Linearity	2189.888	42	52.140	.778	.804
Within Groups		4089.050	61	67.034		
Total		8031.390	104			

Meanwhile, the linearity significance of Y-X₂ is 0.000 (see Table 3), means trust (Y) had a linear relationship with personality (X₂).

Table 3. Linearity Test Result of Y-X₂

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y (Trust) * X ₂ (Personality)	Between Groups	(Combined)	5474.307	49	111.721	2.403	.001
		Linearity	927.913	1	927.913	19.958	.000
		Deviation from Linearity	4546.394	48	94.717	2.037	.006
	Within Groups		2557.083	55	46.492		
Total			8031.390	104			

Hypothesis Test

Each hypothesis was examined by multiple regressions to find the influence of each variable (see Table 4).

Table 4. Multiple Regression Output of Leadership (X₁) and Personality (X₂) on Trust (Y)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	65.936	7.883		8.364	.000
	X ₁ (Leadership)	.332	.063	.435	5.227	.000
	X ₂ (Personality)	.182	.052	.292	3.509	.001

a. Dependent Variable: Y (Trust)

The first hypothesis is (X₁) has a positive effect on trust (Y). The analysis obtained the standardized coefficient of leadership (X₁) on trust (Y) as 0.435 with a significance of 0.000. It accepted the first hypothesis that leadership (X₁) has a positive effect on trust (Y).

The second hypothesis is personalty (X₂) has a positive effect on trust (Y). The analysis obtained the standardized coefficient of personality (X₂) on trust (Y) as 0.292 with a significance of 0.001. It accepted the second hypothesis that personality (X₂) has a positive effect on trust (Y).

The third hypothesis is leadership (X₁) and personality (X₂) has a positive effect on trust (Y). The analysis obtained the sig value as 0.000 (see Table 5). It accepted the third hypothesis that leadership (X₁) and personality (X₂) have a positive effect on trust (Y).

Table 5. ANOVA Output of Leadership (X₁) and Personality (X₂) on Trust (Y)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2428.708	2	1214.354	22.108	.000 ^b
	Residual	5602.683	102	54.928		
	Total	8031.390	104			

a. Dependent Variable: Y (Trust)

b. Predictors: (Constant), X₂ (Personality), X₁ (Leadership)

Discussion

The examined hypothesis states that leadership influences as 43.5% to trust. This is in line with the opinion of experts on leadership which states that organizational leaders must be able to build the trust of all stakeholders, both at the internal and external levels. A leader is followed by his subordinates because of the trust factor. Trust is a tool of influence that can increase ability, integrity, and provide additional benefits in uncertain conditions. An effective leader easily gains trust because he knows the values and the importance of building and maintaining trust. Leaders should seek to help their team to encourage business associates to have confidence in the organization's leadership. This is consistent with the theory that leadership is a variable that causes changes in trust (Link & Hsiao, 2014; Suwatno, 2018; Yukl, 2010; Rad & Yarmohammadian, 2006). This research proves that leadership theoretically influences trust.

The effect of personality on trust is 29.2%. A person's personality can reflect the level of belief in the work or environment around them and personality also combines a set of physical and mental characteristics that reflect how a person sees, thinks, acts and feels in carrying out all his activities in the organization or company where he works, therefore personality Good values must be instilled and disseminated to all members so that trust arises between fellow members of the organization in carrying out their work and achieving organizational goals together. This supports that personality theoretically has a strong positive effect on trust (Greenberg, 2011; Ping et al, 2012; De Janasz et al., 2012; Sicora, 2015).

The research found that leadership and personality simultaneously influence trust. Leadership and personality theoretically produce trust through employee performance and satisfaction (Kreitner & Kinicki, 2009).

V. CONCLUSION

The findings are: (1) there is a direct positive influence of leadership on trust, (2) there is a direct positive influence of personality on trust, (3) there is a joint influence of leadership and personality on trust. Referring to these findings, the researcher can conclude that trust is positively influenced by leadership and personality. Therefore, to maintain trust, organizations must apply leadership and personality. Finally, it is concluded that leadership and personality must be considered in generating trust, especially in plantation companies.

The research has some limitations. There are only two variables to evaluate their roles in trust. To have more accurate findings, future studies can develop with other variables, such as organizational culture and communication climate variables Therefore, in the future research, data can be enlarged to some similar organizations to find out other variables besides leadership and personality that affect trust.

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