# How Managers Direct Subordinates Using Applications Of Controls And Demonstrations Of Their Trustworthiness

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#### **ABSTRACT**

This paper refines and extends ideas about trust-control relationships by describing a theory of managerial action that outlines how managers combine their efforts to apply controls and demonstrate their trustworthiness. Findings from two surveys and one experiment provide support for hypotheses that managers systematically integrate their control and trustworthiness-promotion activities by combining: applications of outcome controls with demonstrations of credibility, applications of behavior controls with demonstrations of capability, and applications of clan controls with demonstrations of consideration. The paper concludes with a discussion of how this perspective advances research on organizational control, organizational trust, and trust-control relationships.

Keywords: Control; Trust; Trustworthiness

## 1. INTRODUCTION

raditional perspectives in the organizational literature identify relationships between control and trust as fundamental and managers who concurrently foster these outcomes as hallmarks of effective organizations (Bradach and Eccles, 1989; Adler, 2001). Managers use controls to measure and monitor their subordinates' work to ensure that they achieve performance goals and objectives (Fayol, 1949; Ouchi, 1979). Managers' efforts to promote trust describe how they attempt to promote "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the(ir) intentions or behavior[s]" among their subordinates (Rousseau, Sitkin, Burt, and Camerer, 1998: p. 395).

For managers, the benefits of promoting both control and trust are significant. As Arrow (1974: 23) argues, "trust is an important lubricant" of relationships within organizational systems that increases the extent to which individuals are willing to cooperate with one another. When managers promote both control and trust, they decrease the amount of time and effort they need to spend actively measuring and monitoring their employees' task efforts while they increase their subordinates' work attitudes and commitment (Ouchi, 1980).

Despite these documented benefits, integrating their efforts to promote control and trust can be challenging for managers who must effectively reconcile significant, persistent, and dynamic tensions between these activities (Long and Sitkin, 2006). The key challenge that managers face in balancing their efforts to promote control and trust is that while they need controls to effectively direct their subordinates, too much control constrains and undermines subordinate endorsement of their actions. At the same time, subordinate endorsement of their actions may also be undermined if managers focus too much on accommodating their subordinates' interests and too little on using controls to direct their work activities (Spreitzer and Mishra, 1999; Long, 2010).

While control-trust dynamics comprise important managerial issues, it is interesting to note that researchers have not explicitly examined how managers think and act to integrate their efforts to promote control and trust. Instead, previous work has focused primarily on the effects produced only when managers apply controls. Because the results of this work generally describe antagonistic relationships between formal controls and subordinate trust

(Sitkin and Roth, 1993; Weibel, 2007), scholars are currently able to provide only limited guidance to managers on how they can direct their subordinates' work efforts while building positive relationships with them.

To examine how managers address this fundamental dilemma and generally expand our understanding of control-trust dynamics, this research evaluates whether systematic relationships exist between the efforts managers make to implement controls and demonstrate trustworthiness towards their subordinates (Costa and Biljsma-Frankema, 2007; Long, 2010; Nooteboom, 2002). It begins with a theoretical discussion that hypothesizes systematic relationships between managers' efforts to apply controls and demonstrate their trustworthiness. These ideas are then evaluated using two survey studies and a scenario-based experiment. The results obtained from these investigations provide consistent views of managers' efforts to direct their subordinates' work through the integration of the efforts they make to apply controls and demonstrate their trustworthiness. This investigation concludes with a discussion about how the relationships observed here extend organizational control and organizational trust research as well as research on the joint consideration of these activities.

#### 2. THEORY

Organizational controls comprise a fundamental set of mechanisms that managers use to address agency dilemmas in organizations by fostering collaborative relationships with subordinates who may be unwilling or unable to fully cooperate with them in the pursuit of organizational objectives. Forms of organizational controls are commonly differentiated by the portion of the production process to which they are applied. Managers apply outcome controls to establish, measure, and monitor the outcomes employees produce to ensure that their subordinates meet prescribed performance standards. Managers employ behavior controls to examine whether subordinates use prescribed production methods in performing organizational tasks. Finally, managers apply clan controls by, for example, socializing and training employees in ways that foster strong values and common skill sets (Ouchi, 1977; Snell, 1992).

While the efforts they make to apply controls comprise essential managerial actions, researchers have also observed that a manager's capacity to promote superior-subordinate cooperation through applications of controls alone is limited (Sitkin, 1995, Long and Sitkin, 2006). This is because controls often require extensive time and effort to effectively apply and because subordinates often resist managers' control efforts when they perceive that those actions excessively restrict their actions and decisions (Spreitzer and Mishra, 1999).

Long (2010) contends that, because of these concerns, managers direct their subordinates' work by integrating their control choices with efforts to create conditions where subordinates will willingly comply with the controls that they have selected to implement. He observes that demonstrations of trustworthiness comprise one primary mechanism that managers use to achieve this. As Whitener, Brodt, Korsgaard and Werner (1998) describe, managers demonstrate their trustworthiness when they communicate an ability to fulfill their subordinates' expectations and a willingness to act reliably in their subordinates' interests. Consistent with the work of Mayer and colleagues' (1995) who suggest that subordinates evaluate the integrity, ability and benevolence of their managers in determining the extent to which they trust them, Long and Sitkin (2006) observe that managers also demonstrate their trustworthiness along three dimensions. The research presented in this paper builds from these observations to suggest that managers demonstrate their trustworthiness by demonstrating their credibility, capability, and consideration. These dimensions are consistent with those identified in subordinate-focused research but reflect specific considerations that managers maintain in superior-subordinate relationships.

Through their efforts to demonstrate credibility, managers attempt to display their reliability by showing how they can dependably and predictably provide their employees the rewards they have earned, fulfill their employees' expectations to honor the promises they have made, and maintain consistency between their words and actions. Managers' efforts to demonstrate capability describe how they work to display their ability by actively instilling subordinates with confidence in their knowledge and capacity to perform key tasks by, for example, referencing their experience in providing their employees with detailed feedback about their work. Managers focus their efforts to demonstrate consideration on displaying their benevolence by actively promoting their subordinates' personal welfare, identifying their employees' personal interests, needs and motivations, discussing with

subordinates how those interests might be accommodated, and respectfully displaying how they would protect and further those interests (Mayer, Davis, Schoorman, 1995; Mishra, 1996; Whitener, et al., 1998).

Overall, efforts to apply controls and demonstrate their trustworthiness serve two distinct but related purposes for managers who seek to foster effective work relationships. Through their efforts to apply controls, managers communicate to their employees what their work responsibilities are by specifying the outcomes those subordinates need to achieve, the behaviors they need to use and the values they need to develop and maintain (Merchant, 1985). In contrast, managers' efforts to demonstrate their trustworthiness describe a set of mechanisms that managers use to build positive relationships with their subordinates by communicating to those subordinates how they will protect their interests both within and outside of the context of the controls they apply (Long and Sitkin, 2006).

Long (2010) contends that, because their efforts to apply controls and demonstrate their trustworthiness often require significant time and energy, managers will attempt to efficiently direct their subordinates' work by focusing their efforts to demonstrate their trustworthiness in ways that are directly related to the controls they apply. Specifically, managers use their knowledge of the control-based demands they place on their subordinates to attempt to demonstrate the specific and related forms of trustworthiness that will mitigate the risks their subordinates perceive in complying with particular forms of controls. Through efforts to integrate their applications of controls and demonstrations of their trustworthiness, managers seek to increase their subordinates' confidence that they will receive the rewards they desire and expect for cooperating with them in performing work. The specific details of these relationships are outlined below.

## 2.1 Outcome Controls

While managers' applications of outcome controls provide them with efficient ways to ensure that their subordinates achieve key objectives, outcome controls increase the production risks that subordinates face by requiring them to wait for their compensation until after they complete often significant amounts of work. For these managers to motivate their subordinates to exert high levels of effort throughout production processes, they make efforts to demonstrate their credibility in order to provide their subordinates with tangible evidence that their intentions to accurately compensate them can be trusted. For example, by making extra efforts to fulfill promises and generally delivering on their subordinates' expectations of instrumental feedback or rewards [e.g., fulfilling promises to provide feedback at key temporal points], managers attempt to increase their subordinates' confidence that they will benefit from the efforts they expend pursuing the directives and goals their managers specify (Long, 2010; Ouchi, 1980).

Hypothesis 1a: Managers' efforts to apply outcome controls are positively associated with their efforts to demonstrate their credibility.

**Hypothesis 1b:** Managers' efforts to demonstrate credibility are more positively affected by their efforts to apply outcome controls than by their efforts to apply behavior or clan controls.

## 2.2 Behavior Controls

Managers who use behavior control mechanisms such as procedural manuals or SOPs (standard operating procedures) to specify the components of subordinates' production efforts and ensure that subordinates perform their tasks in a prescribed manner. In order to enhance the perceived validity of their task directives and provide subordinates with confidence that they "know what they are talking about," managers demonstrate their performance-based knowledge and overall capability in managing key organizational tasks (Sitkin, 1995; Sitkin and Roth, 1993). For example, managers demonstrating their capability will communicate with their subordinates how they themselves (and the organizations from which they derive their authority) possess an abundance of relevant knowledge and experience about the tasks their subordinates perform. They may do this by, for example, relaying stories from their experiences in the work-related feedback they provide to their employees (Pfeffer, 1981).

Hypothesis 2a: Managers' efforts to apply behavior controls are positively associated with their efforts to demonstrate their capability.

**Hypothesis 2b:** Managers' efforts to demonstrate capability are more positively affected by their efforts to apply behavior controls than by their efforts to apply outcome or clan controls.

#### 2.3 Clan Controls

Managers who apply clan controls actively work to get their employees to accept organizational values and to assume an identity congruent with the organization (Ouchi, 1980). Managers do this through employee socialization processes and job training that help ensure their employees are motivated to improve their skill sets and accept organizational norms. In order to motivate subordinates in these ways, managers who use clan controls actively demonstrate their consideration for subordinates. Through their efforts to demonstrate their consideration, managers attempt to increase subordinate confidence in their intentions, enhance the perception of shared values between themselves and their subordinates, and, thus, increase employees' motivations to develop their skills and abilities to assist the organization. By expressing consideration and concern about their needs and interests, managers work to increase the quality and quantity of their interpersonal interactions with employees. At the same time, they attempt to instill subordinates with a greater level of faith that, if they align their identity with the organization, the members of the organization will look out for them and take care of their personal needs.

Hypothesis 3a: Managers' efforts to apply clan controls are positively associated with their efforts to demonstrate their consideration.

Hypothesis 3b: Managers' efforts to demonstrate consideration are more positively affected by their efforts to apply clan controls than by their efforts to apply outcome or behavior controls.

# 3. EFA: MANAGERS' DEMONSTRATIONS OF TRUSTWORTHINESS

Because research on managers' efforts to demonstrate their trustworthiness is limited, measures of these constructs needed to be developed for use in subsequent studies. Thirteen items describing various managerial actions to promote trustworthiness were developed from accounts in the literature describing perceived trustworthiness. An exploratory factor analysis (EFA) was then used on data obtained from a sample of 300 managers obtained on MTurk who reported on how they direct their subordinates' work activities. This analysis is presented in Table 1.

Factors obtaining eigenvalues over 1.0 were retained (maximum likelihood extraction method). In addition, items loading over .40 on one factor were retained and evaluated for credibility with other items that loaded onto that same factor (equamax rotation).

This analysis suggests that managers demonstrate their trustworthiness along three dimensions: credibility, capability, and consideration. Managers' efforts to demonstrate their credibility encompass the actions they take to fulfill the promises they make to their subordinates, link their words with behaviors, and make sure that they provide their subordinates with appropriate rewards. The Cronbach's alpha for this five-item scale was .90. demonstrate capability scale describes how managers display their proficiency in performing managerial tasks, persuade subordinates of their knowledge and experience, and foster confidence in their managerial capabilities. This scale obtained a Cronbach's alpha of .65. The items outlining managers' efforts to demonstrate consideration obtained a Cronbach's alpha of .85. The items contained in this measure examine managers' efforts to protect and promote their subordinates' interests.

Table 1. Exploratory Factor Analysis of Managers' Efforts to Demonstrate Their Trustworthiness

Items	Factors					
	Demonstrate Credibility	Demonstrate Consideration	Demonstrate Capability			
I am extremely careful to keep my words and actions consistent	.78					
I make sure that my subordinates know that I would never cheat them	.72					
I am extremely careful to fulfill all of my promises to my subordinates	.71					
I make sure I fulfill my subordinates' expectations of me	.70					
I make absolutely sure my subordinates receive the rewards they are owed	.67					
I promote my subordinates' interests any chance I get		.72				
I actively promote my subordinates' sense of individual dignity		.68				
I actively demonstrate to my subordinates that I have their interests in mind		.65				
I let my subordinates know that I would not knowingly do anything to hurt them		.65				
I actively encourage my subordinates to freely share their ideas, feelings and hopes with me		.50				
I often use my specialized skills or knowledge to persuade my subordinates			.71			
I often tell my subordinates that they will be successful if they take my direction.			.64			
I actively demonstrate my managerial capabilities to my subordinates.			.44			
Eigenvalues	6.4	1.4	1.0			
Reliabilities (Cronbach's Alpha Values)	.90	.85	.65			

Three studies were then used to evaluate Hypotheses 1a-3b. In Study 1, these hypotheses were examined with a cross-sectional survey of practicing managers. In Study 2, an experiment is used to evaluate whether the use of controls stimulate related efforts to demonstrate trustworthiness. Study 3 confirms the results obtained in the first two studies using a survey of subordinates who report on their managers' actions.

## **4. STUDY 1**

248 managers were solicited through MTurk and were asked to participate in a study. These participants' averaged 35.1 years old (s.d., 10.3 years), were 58% male and averaged 3.7 years (s.d., 3.2 years) of experience in the work units they described in the survey. 84% had completed at least an associates' degree.

## 4.1 Measures

Organizational Controls. Outcome control was measured using four of Snell's (1992) outcome control items that were modified to describe how much managers rely on the results of production efforts to assess employee performance (e.g., "I judge my subordinates' performance based on the results they achieve."). The Cronbach's alpha for this scale was .70. Four items measuring behavior control were adapted from items reported by Challagalla and Shervani (1997) to describe how much managers prescribe and evaluate how employees perform tasks (e.g., "I closely monitor the extent to which my subordinates follow established procedures"). The Cronbach's alpha for this scale was .75. Measures of clan control comprised a five-item scale describing managers' efforts to select, train and socialize subordinates (e.g., "I take explicit steps to align my subordinates' work values with my work values."). The Cronbach's alpha for this scale was .74.

Demonstrating Trustworthiness. Scales developed through the EFA procedures above were used to examine managers' efforts to demonstrate their trustworthiness. The Cronbach's alphas for these three scales were: demonstrate credibility: .88; demonstrate capability: .81, and demonstrate consideration: .88. Survey items are presented in Appendix A.

The overall measurement model used in this research was also examined using confirmatory factor analyses (CFA). The fit statistics suggest that the six-factor measurement model utilized in this study provides a good fit with the data: Chi-square/df = 2.01, CFI = .90, IFI = .90, RMSEA = .064 (.056; .071).

#### 4.2 Analyses

Hypotheses 1a-3b were examined using multiple ordinary least squares (OLS) regression procedures. Planned contrast tests were used to evaluate the relative strength of the association between various control and trustworthiness-promotion activities. Several factors that impact the extent to which managers make efforts to promote trustworthiness were controlled for in each regression equation. Specifically, alternative forms of control and managers' efforts to demonstrate their trustworthiness, unit experience, and gender (0=male; 1 =female) were entered into each regression equation. Because the quality of managers' current relationships with subordinates might impact their tendencies to promote trust (Whitener, et al., 1998), managers were also asked to report on the extent to which "My subordinates and I have personality clashes" and the extent to which "My subordinates often challenge the directions I give them." In addition to controlling for managers' efforts to build trust simply to curry affiliation with their subordinates, managers were asked about the extent to which: "I try to get my subordinates to like me."

Because both predictor and criterion variables were obtained from the same respondents, the Harman onefactor test was used to assess the potential influence of common method variance (Podsakoff and Organ, 1986). Consistent with established procedures, all constructs were entered into a principal components factor analysis. Of the multiple factors that were generated, the first factor accounted for only 30.1% of the variance which indicates that common method variance exerts a small effect on this analysis.

Additional recommendations from Podsakoff and colleagues (2003) were used to further confirm that common methods variance did not unduly influence these results. The six-factor model was again analyzed using a CFA that included a seventh, latent methods factor that was connected to each of the observed variables. The measure chosen for this was Patterson and colleagues' (2005) five-item "effort" measure (alpha = .90) that was modified to reflect managers' attempts to motivate their subordinates (e.g., "It is important to me that my subordinates are enthusiastic about their work"). A comparative analysis confirmed that this model fit the data less well than the primary measurement model (chi-squared/df = 2.16, ICI = .88, CFI = .88, RMSEA = .068) indicating that common methods variance did not account for the reported findings.

#### 4.3 Results

The results obtained from these analyses show that managers' efforts to apply outcome controls are positively associated with their efforts to demonstrate credibility (β=.22; p<.001), supporting Hypothesis 1a. Managers' efforts to apply behavior controls are positively associated with their efforts to demonstrate their capability ( $\beta$ =.38; p<.001), supporting Hypothesis 2a. Managers' efforts to apply clan controls are positively associated with their efforts to demonstrate consideration (β=.41; p<.001), supporting Hypothesis 3a.

Results from planned comparison tests also support Hypotheses 1b, and 2b, and 3b. Results obtained on demonstrating credibility indicate that the outcome control coefficient is significantly larger than the behavior control coefficient (contrast estimate = .13, p < .05) and the clan coefficient (contrast estimate = .19, p<.01). Planned comparisons on demonstrating capability indicate that the behavior control coefficient is significantly larger than the outcome control coefficient (contrast estimate = .33, p < .01) and the clan control coefficient (contrast estimate = .32, p>.05). Tests on demonstrating consideration indicate that the clan control coefficient is larger than both the outcome control coefficient (contrast estimate = .36, p < .001) and the behavior control coefficient (contrast estimate = .39, p < .001).

Table 2a	Correlations amon-	a Predictor and	Critorian	Variables in Stu	da 1
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	Mean	S.D.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.1.
1. Task Standardization	5.42	1.32											
2. Work Experience	3.65	3.21	.10										
3. Subordinates Challenge Directions	2.52	1.36	24***	01									
4. SupSub. Personal Conflict	2.42	1.36	20**	03	.62***								
5. Develop Supsub. Relationships	4.58	1.39	.06	04	07	07							
6. Gender	N/A	N/A	.03	.03	02	02	00						
7. Outcome Control	5.42	.85	.21***	08	26***	23***	.10	13					
8. Behavioral Control	5.18	.99	.47***	.02	15*	09+	.17*	.07	.22***				
9. Clan Control	5.05	.92	.30***	.13*	13*	18**	.53***	02	.30***	.38***			
10. Demonstrate Credibility	6.01	.71	.24***	00	42***	38***	.14*	.02	.45	.26***	.36***		
11. Demonstrate Capability	4.77	1.26	.27***	07	.02*	.01	.36***	09	.22**	.48***	.38***	.12	
12. Demonstrate Consideration	5.69	.89	.22***	01	25***	36***	.33***	.04	.35+	.25***	.59***	.60***	.18***

\*\*\* 0.001; \*\*0.01; \*0.05; +.10

Table 2b. Relationships between Managerial Controls and Managers' efforts to Demonstrate Their Trustworthiness in Study 1

Variables	<b>Demonstrate Credibility</b>	Demonstrate Capability	<b>Demonstrate Consideration</b>
	β	β	β
1. Task Standardization	.01	.09	.00
2. Work Experience	.01	08	06
3. Subordinates Challenge Directions	23***	.12	.10
4. SupSub. Personal Conflict	01	.01	19***
5. Develop Supsub. Relationships	05	.25***	.07
6. Gender	02	10	.05
7. Demonstrate Credibility		03**	.41***
3. Demonstrate Capability	03		05
9. Demonstrate Consideration	.47***	08	
10. Outcome Control	.22***	.11	.03
11. Behavioral Control	.08	.38***	00
2. Clan Control	01	.12	.41***
R-Squared	.49***	.37***	.55***

# 4.4 Discussion of Study 1

By testing these relationships using a survey of individuals with managerial experience, this study provides evidence that the relationships described in Hypotheses 1a-3b exist in managerial practice. Although these results are compelling, this cross-sectional examination of managers' actions leave open questions about causality and whether subordinates experience dynamics that are similar to those managers report. Issues related to causality are examined in Study 2. Subordinate experiences are examined in Study 3.

#### **5. STUDY 2**

In Study 2, the analyses presented above are extended by examining relationships between managerial controls and the efforts they make to demonstrate their trustworthiness (i.e., Hypotheses 1a-3b) within a controlled experiment. Participation was solicited from 99 business students at a university in the eastern United States who were members of the school's study pool. 42% percent of participants were female. Participants averaged 19.8 years (s.d., 1.3 years) old, had completed 2.9 college semesters (s.d., 1.2 semesters), and had an average of 2.1 years (s.d., 2.1 years) of work experience.

#### **5.1 Procedure**

Study participants were told, "You are going to read a description of a managerial situation. Please imagine that this is your job and picture yourself in this context. Try to appreciate all of the characteristics that are described as you think about how you would feel, what you would care about and what might concern you if you were in this situation." Participants were then asked to put themselves in the place of a university senior and a manager of a group tasked with completing a project in a fictitious organizational management course. Their assignment as project manager was to direct a unit of six sophomore student employees who work as customer service representatives for a student-run business. Portions of scenario texts are presented in Appendix B.

To direct employees to think about their implementation of controls, participants were instructed to prepare for a conversation with their employees about their work motivation. The study examined how much participants anticipated that they would attempt to demonstrate their credibility, their capability, or their consideration of subordinates in these conversations.

Participants encountered one of four conditions that varied in terms of the managerial controls that were used to monitor and guide their employees' efforts. In the three control-based scenarios, employee performance was directly related to the controls that managers applied. In the outcome control scenario (n=26), managers emphasized that employees performed well when they achieved high customer service ratings. In the behavior control scenario (n=22), managers emphasized that employees performed well when they followed standard operating procedures and their managers' directions for handling customer complaints. In the clan control scenario (n=25), managers emphasized how employees performed well when they demonstrated a motivation to train and participate in socialization activities. In the autonomy (low control) condition scenario (n=26), managers focused on informally chatting with their employees and trying not to control how their subordinates performed their work. Participants were then instructed to rate twelve perceived managerial control items and nine demonstrate trustworthiness items described below on seven-point Likert scales (1=strongly disagree; 7=strongly agree).

## 5.2 Measures

Task controls. Control items from the scales described above were used to check the control manipulations. The Cronbach alphas for the outcome, behavior and clan control scales were .95, .94, and .90, respectively.

Demonstrate trustworthiness. Items from the scales described above were used to examine managers' efforts to demonstrate their trustworthiness. Items from these scales were modified to reflect how each issue might be emphasized in a conversation between a project manager and their subordinates. The Cronbach's alphas for the three-item demonstrating credibility scale, three-item demonstrating capability scale and the three-item demonstrating consideration scale used in this study were .79, .87, and .94 respectively.

## 5.3 Analyses

Multivariate analyses of variance (MANOVAs) were used to examine Hypotheses 1a, 2a, and 3a. Specifically, the extent to which participants would demonstrate forms of trustworthiness in each of the three task control conditions was compared with the extent to which participants would demonstrate a form of trustworthiness in the autonomy (low control) condition. Hypotheses 1b, 2b, and 3b, were evaluated by comparing across control conditions the extent to which participants anticipated demonstrating their trustworthiness in various ways.

**Table 3a.** Correlations among Predictor and Criterion Variables in Study 2

			,					
Variables	Mean	S.D.	1.	2.	3.	4.	5.	6.
1. Outcome Control Scenario	N/A	N/A						
2. Behavior Control Scenario	N/A	N/A	-32**					
3. Clan Control Scenario	N/A	N/A	35**	31**				
4. Low Control Scenario	N/A	N/A	36**	32**	-35**			
5. Demonstrate Credibility	5.65	1.20	.15	07	.12	20*		
6. Demonstrate Capability	3.98	1.50	.01	.28*	08	21*	.16	
7. Demonstrate Consideration	4.62	1.72	03	23*	.34**	08	.54***	.27**

<sup>\*\*\* 0.001; \*\*0.01; \*0.05</sup> 

Table 3b. Levels of Demonstrating Trustworthiness across Study 2 Managerial Control Conditions

	Levels of Trustworthiness-Promotion								
Managerial Control Condition	Demonstrate Credibility	<b>Demonstrate Capability</b>	<b>Demonstrate Consideration</b>						
Outcome Control Condition	5.9	4.2	4.6						
Behavior Control Condition	5.5	5.1	3.9						
Clan Control Condition	5.9	3.7	5.7						
Autonomy (Low Control) Condition	5.3	3.2	4.4						

<sup>\*</sup>Standardized betas reported

Study manipulations were checked using independent sample t-tests. Participants in the outcome control scenario emphasized outcome controls more than individuals in the other conditions (mean difference = 3.2, p < .001). Individuals within the behavior control scenario emphasized behavior controls more than individuals in the other conditions (mean difference = 3.0, p < .001). Individuals within the clan control scenario emphasized clan controls more than individuals in the other conditions (mean difference = 1.8, p < .001).

MANOVA tests yielded significant effects for the scenario conditions (Wilks' Lambda = .577; F(9, 227) =6.48, p<.001). Comparison-of-means tests support Hypotheses 1a, 2a, and 3a. Participants in the outcome control condition reported demonstrating credibility at higher levels when compared with the autonomy condition (mean difference = .69, p < .05). Participants in the behavior control condition report demonstrating capability at levels higher than participants in the autonomy condition (mean difference = 1.87, p < .001). Participants in the clan control condition report demonstrating consideration at levels higher than participants in the autonomy condition (mean difference = 1.23, p < .01).

Comparison-of-means tests do not support Hypothesis 1b but do support Hypotheses 2b and 3b. Specifically, participants in the outcome control condition do not report demonstrating credibility at higher levels when compared with participants in the behavior control condition (mean difference = .45, p > .05) or the clan control condition (mean difference = .06, p > .05). However, participants in the behavior control condition do report demonstrating capability at higher levels when compared with participants in the outcome control condition (mean difference = .92, p < .05) and clan control condition (mean difference = 1.39, p < .001). In addition, participants in the clan control condition report demonstrating consideration at higher levels when compared with participants in the outcome control condition (mean difference = 1.39, p < .05) and behavior control condition (mean difference = 1.74, p < .001).

<sup>\*\*\*</sup>p<0.001;\*\*p<0.01;\*p<.05

# 5.4 Discussion of Study 2

By testing these relationships in a controlled experiment, this study supports the general proposition that the controls managers apply motivate them to demonstrate their trustworthiness in ways consistent with Hypotheses 1a-3b. Interestingly, this study also provides evidence that managers' applications of clan controls are also positively associated with their efforts to demonstrate their credibility at a level just above statistical significance (mean difference = .64, p=.058). One explanation for this finding may be that because managers who devote time and attention to selection, training, and socialization are challenging their subordinates to alter core aspects of their identities, they may also want to signal that they will reliably protect and promote those subordinates' interests.

One potential limitation of this study is that it was administered to a sample of participants who generally do not possess extensive amounts of managerial experience. However, this factor could also be viewed as a strength of this study's findings. Because support for several of the hypotheses was found even within this population, this would suggest that these associations may comprise fundamental issues considered by individuals holding authority positions at various levels.

#### **6. STUDY 3**

While the first two studies provide evidence supporting the general perspective that managers integrate their efforts to promote control and trustworthiness, it is also important to examine these questions from the perspectives of subordinates. Because subordinates are ultimately impacted by their managers' actions, the goal of the third study was to evaluate subordinates' observations about their managers' efforts to apply controls and demonstrate their trustworthiness. If subordinates report similar relationships to those reported above, that would provide additional, confirmatory evidence that Hypotheses 1a-3b accurately reflect how managers integrate their task control and trustworthiness-promotion activities.

To examine this, approximately sixty professional and daytime MBA students at a university in the southeastern United States were invited to participate in a brief survey study. The forty-nine participants (82%) who consented to participate were asked to answer questions about various demographic factors as well as how their most recent or current manager directed them using various control and trustworthiness-promotion activities.

#### **6.1 Subordinate Measures**

Measures for this study were consistent with those in Studies 1 and 2 but were modified to reflect subordinates' evaluations of their managers' actions. The measures for outcome control, behavior control and clan control obtained Cronbach's alphas of .70, .83, and .74 respectively. The Cronbach's alphas for demonstrating credibility, demonstrating capability, and demonstrating consideration were .88, .66, and .73 respectively. Survey items are presented in Appendix C.

## **6.2 Regression Analyses**

This investigation employed regression and planned comparison analyses that were consistent with those conducted in Study 1. Participants reported on the extent to which their manager applied controls and demonstrated their trustworthiness using a 7-point Likert scale. Alternative forms of control and efforts to demonstrate trustworthiness as well as a subordinate's organizational experience served as controls in each of the regression equations. To control for superior-subordinate relationship quality and the potential positive or negative response biases created by those dynamics, participants were asked to report the extent that: "I do not get along very well with my boss on a personal level." Subordinates were also asked to report on the extent to which: "I often challenge the directions my boss gives me." To be consistent with Study 1, participants were also asked to report on the extent to which: "My manager tries to get me to like him/her." Table 4a displays the means, standard deviations and correlations for the variables examined in this analysis. Table 4b displays the results of the multiple regression analyses.

Because both predictor and criterion variables were obtained from the same respondents, the Harman onefactor test was used to assess the presence of common method variance (Podsakoff and Organ, 1986). This analysis generated multiple factors with the first factor accounting for only 31.4% of the variance which indicates that common method variance exerted a small effect on this analysis.

Results from these analyses provide support for Hypothesis 1a, 2a, and 3a. Specifically, managers' efforts to apply outcome controls are positively associated with the efforts they make to demonstrate their credibility (β=.25; p<.05). Managers' efforts to apply behavior controls are positively associated with the efforts they make to demonstrate their capability (β=.48; p<.01). Managers' efforts to apply clan controls are positively associated with the efforts they make to demonstrate consideration ( $\beta$ =.52; p<.001).

Results also partially support Hypothesis 1b, and 2b as well as support Hypothesis 3b. Planned comparisons (one-tailed) on demonstrating credibility indicate that the outcome control coefficient is significantly larger than the behavior control coefficient (contrast estimate = .34, p < .05) but not the clan coefficient (contrast estimate = .30, p >.05). Tests on demonstrating capability indicate that the behavior control coefficient is significantly larger than the outcome control coefficient (contrast estimate = .53, p < .01) but not the clan control coefficient (contrast estimate = .35, p>.05). In addition, tests on demonstrating consideration indicate that the clan control coefficient is larger than both the outcome control coefficient (contrast estimate = .50, p < .001) and the behavior control coefficient (contrast estimate = .53, p < .001).

Table 4a	Correlations among	Predictor and	Criterion V	ariables in	Study 3

	Mean	S.D.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.1.
1. Task Standardization	3.98	1.55											
2. Work Experience	3.04	4.98	12										
3. Subordinates Challenge Directions	3.69	1.49	05	.16									
4. SupSub. Personal Conflict	2.69	1.68	01	04	.28+								
5. Develop Supsub. Relationships	4.71	1.60	13	.00	01	37							
6. Gender	N/A	N/A	07	03	.01	15	.09						
7. Outcome Control	4.22	1.16	02	.03	03	18	.14	17					
8. Behavioral Control	2.99	1.25	.27	16	00	.27	24	.11	23				
9. Clan Control	4.40	1.08	.27	02	38**	43	.52***	04	.35	23			
10. Demonstrate Credibility	4.69	1.24	03	16	36	30	.29*	04	.53	21	.10		
11. Demonstrate Capability	3.89	1.17	.09	09	.05	06	.35*	.06	09	.35	.52****	03	
12. Demonstrate Consideration	4.58	1.10	.07	.06	16	38	.61***	15	.44	29	.73***	.68***	.18

<sup>\*\*\* 0.001; \*\*0.01; \*0.05</sup> 

Table 4b. Relationships between Managerial Controls and Managers' efforts to Demonstrate Their Trustworthiness in Study 3

Variables	<b>Demonstrate Credibility</b>	<b>Demonstrate Capability</b>	<b>Demonstrate Consideration</b>
	β	β	β
1. Task Standardization	07	03	01
2. Work Experience	19+	.08	.09
B. Subordinates Challenge Directions	24+	.04	.19*
. SupSub. Personal Conflict	04	.29+	04
5. Develop Supsub. Relationships	21	.46+	.25*
6. Gender	.10	02	11
7. Demonstrate Credibility		.04	.34**
3. Demonstrate Capability	.02		.02
Demonstrate Consideration	.70**	.08	
0. Outcome Control	.25*	09	.03
1. Behavior Control	09	.48**	.00
2. Clan Control	05	.10	.52***
R-Squared	.67***	.43*	.84***

Standardized beta reported

<sup>\*\*\*</sup>p< 0.001;\*\*p< 0.01;\*p<.05

# 6.3 Discussion of Study 3

This study provides confirmatory evidence supporting managers' reports of their efforts to integrate their control and trustworthiness-promotion activities. The findings are very consistent with Studies 1 and 2 and suggest that subordinates observe that managers integrate their efforts to promote control and trust in ways that reflect those provided by managers. Thus, the ideas described and tested in this paper present both managers' intentions and specific and observable sets of managerial behaviors.

#### 7. GENERAL DISCUSSION

This paper refines and extends ideas about relationships between control and trust in several important ways. First, the observations presented suggest that demonstrating trustworthiness comprises an important set of managerial activities. Second, these studies collectively identify three ways that managers integrate their efforts to apply controls and promote trustworthiness. Third, by outlining how controls direct managers in their efforts to promote trustworthiness, this paper refines theoretical notions of managerial attention and action and extends research on trust and control as well as work in several, related domains.

The findings of these studies suggest that managers attempt to forge effective, positive working relationships with their subordinates in three distinct ways: efforts to: apply outcome controls and demonstrate their credibility, apply behavior controls and demonstrate their capability, and apply clan controls and demonstrate their consideration. Collectively, these results explain important dynamics regarding relationship development as well as outline how managers focus their trustworthiness-promotion efforts within the parameters of the controls they apply and in ways that enable them to augment their authority and capacity to elicit subordinate cooperation (Long 2010).

# 7.1 A Focus on Authority

This research specifies how managers actually utilize trust to promote higher levels of motivation and performance. In contrast to previous treatments of trust development (e.g., Bradach, and Eccles, 1989), managers do not necessarily assume that trust will just "evolve" through repeated interactions. Instead, managers appear to be actively engaged in trying to cultivate subordinate perceptions of their trustworthiness as they relate directly to their approaches for managing work.

Overall, the results presented Studies 1-3 suggest that models which attempt to predict subordinate trust development from managers' applications of organizational controls in isolation may be mis-specified because they ignore critical, systematic efforts that managers make to recognize and enact complementarities between their efforts to apply those controls and demonstrate their trustworthiness. As such, this paper refines our understanding of managerial attention as it relates to control and trust issues by describing how managers conceptualize controls as ways of guiding their relationship-building efforts with subordinates. The general prescription for scholars that emerges from this work is that, in examining control-trust relationships, they should incorporate in their models (or at least control for) the efforts managers take to demonstrate their trustworthiness.

This paper also extends views of managerial action previously adopted in control-trust research. By presenting arguments that managers integrate their efforts to apply controls and demonstrate their trustworthiness, this paper generally supports those who how managers use these activities to respond to various contextual factors and accomplish a range of performance objectives. (Cardinal et al., 2004) that investigates how managers concurrently use multiple mechanisms to direct their subordinates' task efforts (Long, 2010).

While managers balance their efforts to promote control and trust to help them achieve their personal or organizational objectives, it would be incorrect to characterize trustworthiness-promotion as solely motivated by managers' desires to exert greater amounts of "control" over their subordinates' activities. Although this desire may motivate some managers' actions, managers' overall efforts are probably being motivated by an interest in developing and maintaining their managerial "authority" and in fostering high levels of superior-subordinate cooperation. Future research will be need to further examine this dynamic.

An important implication of this research then is that managers view the controls they apply as more than merely mechanisms that they can use to force, direct, or coerce their subordinates to execute their will. Even though managers may sometimes use controls to achieve these ends, controls also help them guide how they develop positive working relationships with their subordinates. Specifically, managers use their applications of controls to help them clarify their responsibilities as organizational authorities and focus their trustworthiness-promotion efforts in ways that are relevant to the work their subordinates perform.

## 7.2 Control-Trust Dynamics

By outlining how managers attempt to develop trusting relationships with their subordinates, this paper advances organizational trust research in several ways. By focusing on managers' perspectives, this paper moves scholars past using subordinates' evaluations only of what actions managers "should" undertake to promote trust. Instead, because this paper provides insights into how managers actually attempt to integrate control and trust in their organizations, it should lead researchers to more closely examine the challenges and opportunities that managers face in forging positive work relationships with their subordinates (Spreitzer and Mishra, 1999). It is hoped that this research may assist scholars in better understanding why managers promote effective (i.e., or ineffective) forms of control and take actions that foster the development of related forms of subordinate trust or distrust.

For example, this work refines earlier research that identifies trust either as a form of control (e.g., Bradach & Eccles, 1989) or as a substitute for control (Spreitzer and Mishra, 1999) by showing how managers' efforts to demonstrate their trustworthiness comprise a distinct category of managerial activities that can be both distinguished from but combined with the controls they apply to direct their subordinates' work efforts.

In addition, while existing theories effectively outline managers' control activities (Ouchi 1979; 1980), the observations presented in this paper suggest that examinations of control applications in isolation provide a relatively narrow and incomplete perspective on managerial attention and action. Specifically, the findings reported in this paper suggest that in order to develop a more accurate understanding of control-trust dynamics, researchers may want to focus more of their attention on how managers direct their subordinates' work efforts by crafting integrated solutions to critical organizational problems. Core elements of these processes are managers' ongoing efforts to integrate their applications of organizational controls with their efforts to demonstrate their trustworthiness.

However, because managers tend to focus on particular or even singular forms of control over time (Cardinal, Sitkin, and Long, 2004) relationships between managers' efforts to promote specific forms of trustworthiness and their control applications that are observed here raise questions about how managers can cultivate the multiple forms of trustworthiness that are necessary to build robust forms of trust (Mayer and Davis 1999). Thus, one important question that emerges from this research involves how managers build the broad and deep forms of trust that characterize strong interpersonal relationships.

# 7.3 Directions for Future Research

Future research on managers' attempts to balance control and trust in organizations should revolve around three general issues. First, scholars should more closely examine the composition of various control and trust combinations. Second, scholars need to develop a much clearer understanding of what leads managers to promote various forms of trust and control both jointly and independently. Third, researchers should examine the influence on subordinate perceptions that managers' joint actions promote. Scholars could, for example investigate how managers use combinations of these activities to accomplish various types of goals and respond to a range of contextual factors. By engaging in this work, scholars can broaden our understanding regarding the interdependent roles of trust and control in the workplace as well as the effects produced when managers combine and integrate these activities

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# **APPENDIX A: Study 1 Control and Demonstrate Trustworthiness Scales**

# **Organizational Controls**

#### **Outcome Control**

- 1. My performance evaluations of subordinates place primary weight on the results they achieve.
- 2. Differences in pay among my subordinates primarily represent differences in achieved outcomes/results.
- 3. I link my subordinates' rewards to the concrete results they achieve.
- 4. I judge my subordinates' performance based on results they achieve.

#### **Behavioral Control**

- 1. I closely monitor the extent to which my subordinates follow established procedures.
- 2. I clearly specify to my subordinates how I would like them to perform their tasks.
- 3. I monitor the extent to which my subordinates follow my directions when performing their tasks
- 4. I modify the procedures my subordinates use in performing their work when they fail to obtain desired results

#### Clan Control

- 1. I try hard to make relationships with my relationships feel like a family.
- 2. I take explicit steps to align my subordinates' work values with my work values.
- 3. I reward employees who get along with their co-workers.
- 4. I evaluate whether my subordinates get along with each other.
- 5. I go to great lengths to ensure that my employees use high quality production material.

## **Demonstrate Trustworthiness**

# **Demonstrate Credibility**

- 1. I am extremely careful to keep my words and actions consistent
- 2. I make absolutely sure my subordinates receive the rewards they are owed.
- 3. I make sure I fulfill my subordinates' expectations of me.
- 4. I am extremely careful to fulfill all of my promises to my subordinates.
- 5. I make sure my subordinates know I would never cheat them.

## **Demonstrate Capability**

- 1. I often have to demonstrate my managerial capabilities to my subordinates.
- 2. I often have to use my specialized skills or knowledge to persuade subordinates.
- 3. I often tell my subordinates that they will be successful if they take my direction.

## **Demonstrate Consideration**

- 1. I actively demonstrate to my subordinates that I have their interests in mind.
- 2. I promote my subordinates' interests any chance I get.
- 3. I actively promote my subordinates' sense of individual dignity.
- 4. I actively encourage my subordinates to freely share their ideas, feelings, and hopes with me.
- 5. I let my subordinates know that I would not do anything to hurt them.

## **APPENDIX B: Study 2 Scenario Texts.**

## **General Text**

## **Introduction (Common for all conditions)**

Imagine that you are a (university name omitted) senior and a project manager of a group tasked with completing a project in your Organizational Management course. The Organizational Management is a capstone course that lasts for 12-weeks and is one of the five required classes that you are taking this semester.

#### Your Job

For this course, you must manage a unit of six, sophomore student employees who work as customer service representatives for a student-run business. These students work to resolve customer complaints about the services provided by the business. Business school sophomores work in this role because it can be good experience for them.

In your role, you manage them. For their participation, students can earn extra credit points to put towards business school classes of their choosing.

The work that these students perform is fairly straightforward. .

You believe that this will be very important experience for you. In managing this unit you may utilize several of the functional skills (accounting, marketing, organizational behavior, etc....) you have gained during your undergraduate business education.

#### **Outcome Control Condition**

## Your Management Approach

Your grade for this course depends on the overall customer service ratings that members of your unit achieve.

As a result, you are very "results-oriented" in your management approach and seek to motivate your student employees through the customer service ratings they achieve.

This means that you believe the best way to motivate your employees is to provide them with a performance rating system that is:

- 1. Clear and unambiguous
- 2. Transparent
- 3. Based on the results or outcomes that employees achieve.
- 4. Developed from the ratings included in customer satisfaction surveys.

Because it does not align with your "results-oriented" approach, you explicitly DO NOT concern yourself at all with training your employees. You also do not have the time to directly monitor the specific methods and processes that your employees use to do their work.

Instead, your primary focus is on making sure that your employees know what results they need to achieve and are strongly motivated to achieve those results.

To direct your employees, you provide them with information about the customer service ratings you expect them to achieve and three dates when you will evaluate their progress. You also informed your employees that you will provide them with your evaluations of their work and their expected performance ratings for the course on those dates.

You have informed your student employees that you will closely follow the performance rating system you have established. You will base your performance ratings of them on your evaluations of the customer service ratings they achieve.

To achieve your goals using your "results-oriented" approach, you need to ensure that you strongly motivate each of your employees to achieve high customer service ratings.

#### **Behavioral Control Condition**

## Your Management Approach

Your grade for this course depends entirely on how well your student employees follow your directions for handling customer concerns.

As a result, you are very "process-oriented" in your management approach and seek to motivate your student employees through the customer service behaviors they exhibit.

This means that you direct your employees to closely follow your instructions when addressing customer concerns. You try hard to make your instructions clear and unambiguous. In addition, to ensure that your employees are following your instructions, you monitor their in-person and phone-based conversations with customers.

Because it does not align with your "process-oriented" approach, you explicitly DO NOT concern yourself at all with training your employees. You also do not have the time to directly evaluate the customer service ratings your employees receive.

Instead, your primary focus is on making sure that your employees follow your instructions for handling customer complaints.

To help your employees, you provide them with a manual of standard operating procedures (SOPs) that you have developed. You also informed your employees that you will be monitoring whether they utilize these SOPs.

You have informed your student employees that you will base your performance ratings of them on how closely they follow your instructions and the policies and procedures you have developed.

To achieve your goals using your "process-oriented" approach, you need to ensure that each of your employees implements the correct policies and procedures in the way you prescribe

## **Clan Control Condition**

# Your Management Approach

Your grade for this course depends entirely on how much your employees learn from the experience with you and how well they feel like they have been assimilated and accepted into your team.

As a result, you are very "development-oriented" in your management approach and seek to motivate your employees to learn and become integral members of your team.

This means that you believe that the best way to motivate your employees to focus on learning is to make sure that you:

- Select student employees whom you think will work well within your group. 1.
- Provide these employees with the training they need, 2.
- Get them the material resources (e.g., computers, telephones) they need to do their jobs. 3.
- Encourage them to get to know other members of the group.

Because it does not align with your development-oriented approach, you explicitly DO NOT concern yourself at all with the customer service ratings (i.e., ratings provided by customers) that your individual employees receive. You also do not have the time to directly monitor the methods and processes that your employees use to do their work.

Instead, your primary focus is to create an environment where your employees feel comfortable in the team and are motivated to learn as much as possible about how to do their jobs.

To help your employees, you sent them to a one-day course where they learned the basics of providing customer service. You also made sure that they were introduced to the other members of your work group. Your hope is that they would bond and learn job skills from their co-workers.

You have informed your student employees that you will base your performance ratings of them on how motivated they are to learn about their jobs and how well they get along with the other members of your group.

To achieve your goals using your "development-oriented" approach, you need to ensure that each of your employees takes full advantage of their learning opportunities. Because this will help motivate their learning, you also want to make sure that each of your employees feels like an integral, accepted, and well-liked member of your work group.

## **Autonomy (Low Control) Condition**

# Your Management Approach

As long as you simply agree to continue to participate as a manager in this program, you will earn an excellent grade in this course.

As a result, you are very "hands-off" in your management approach and don't want to influence or control how your employees do their jobs.

You want to keep yourself out of controlling your employees in their work.

You do not rate their work. In addition, you do not specify for them how they should perform their jobs and you do not see a need to train them to perform their jobs.

Because it does not align with your "hands-off" approach, you try not to control or influence your employees' work activities in any way.

Your primary focus is on making sure that do not get involved in any way with controlling your employees in the performance of their work activities.

Your employees will receive a number extra credits just for agreeing to participate in this program.

To achieve your goals using your "hands-off" approach, your employees must not feel like you are trying to control or influence them in any way.

## APPENDIX C: Study 3 Task Control and Demonstrate Trustworthiness Scales

# **Organizational Controls**

#### **Outcome Control**

- 1. I am evaluated primarily on the results I achieve.
- 2. Differences in compensation between me and my co-workers primarily represent differences in our achieved performances.
- 3. The rewards I receive are determined by the only by the results I achieve
- 4. My manager makes sure I achieve sufficient results.

#### **Behavioral Control**

- 1. My manager closely monitors the extent to which I follow established procedures.
- 2. My manager specifies for me how he/she wants to complete my job tasks.
- 3. My manager specifies to me how I should perform my job tasks.
- 4. I am evaluated primarily on how closely I follow my manager's directions

#### Clan Control

- 1. My manager tries to help me build strong emotional bonds with him/her.
- 2. My manager takes steps to align my work values with his/her work values.
- 3. My manager tries to help his/her employees fit into their unit.
- 4. My manager attempts to help me feel part of a team.
- 5. My manager attempts to ensure that I am fully prepared to perform all aspects of my job.

#### **Demonstrate Trustworthiness**

## **Demonstrate Credibility**

- 1. My manager tries to keep his/her words and actions consistent.
- 2. My manager works to ensure that I receive the rewards I am owed.
- 3. My managers tries to fulfill my expectations of him/her.
- 4. My manager tries to fulfill his/her obligations to me.
- 5. My manager attempts to make sure that my rewards accurately reflect the efforts I put into my work.

# **Demonstrate Capability**

- 1. My manager attempts to influence me by referring to his knowledge of or capacity to do my job.
- 2. My manager uses his/her specialized skills or knowledge to try to influence me.
- 3. My manager often tells me that I will be successful if I take his/her direction.

#### **Demonstrate Consideration**

- 1. My manager often tells me that he/she has my interests in mind.
- 2. My manager tries to promote my interests.
- 3. My manager attempts to promote my individual dignity.
- 4. My manager actively encourages me to freely share my ideas, feelings and hopes with him/her.
- 5. My manager holds open discussions with me about the problems I am having at work.

# **NOTES**