

Leadership in the Balance: Examining Managers' Efforts to Integrate Their Control and Trustworthiness-Promotion Activities

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Control-Trust Relationships

How Do Managers Balance their Efforts to Implement Organizational Controls with Their Efforts to Build Interpersonal Trust?

How Do Combined Managerial Actions Impact the Ways Control and Trust Develop in Organizations?

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Task Controls

Managers use *task controls* to align subordinates' work efforts with task demands.

(Ouchi, 1979; Cardinal, Sitkin, and Long, 2004)

Task Controls outline “**WHAT**” are the primary mechanisms that managers will use to direct tasks

Forms of Control:

- 1. Input Control*** (*Training, Socialization, Material Selection*)
- 2. Process Control*** (*Behavioral Rules and Norms*)
- 3. Output Control*** (*Outcome Standards, Incentives*)

Trustworthiness-Promotion Activities

Managers use ***trustworthiness-promotion activities*** to increase their subordinates' confidence that they will reliably act in their subordinates' best interests.

Managers provide information about ***“HOW”*** their specific task direction efforts will be applied/implemented

Key Dimensions:

- 1. Demonstrate Behavioral Integrity*** - Willingness to fulfill promises to subordinates
- 2. Demonstrate Competence*** - Efforts to demonstrate managerial ability
- 3. Demonstrate Benevolence*** – Expressed interest in accommodating subordinates' needs and interests

Theoretical Motivations

- **Increasing Interest in Trust-Control Relationships**

Based on Understanding how Managers Balance Trust and Controls is Key to Organizational Effectiveness

- Organization Studies Special Issue (2001)
- Group and Organization Management (2007)

- **Current State of the Literature**

1. Focus on Trustor's Concerns

- Normatively-Based Evaluations (i.e., Das and Teng 1998; 2001)

2. Managers Limited in Promoting Trust

- Trust-Sensitivity (Sydow, 1998)
- Trustworthiness (Whitener, Brodt, Korsgaard, Werner, 1998)

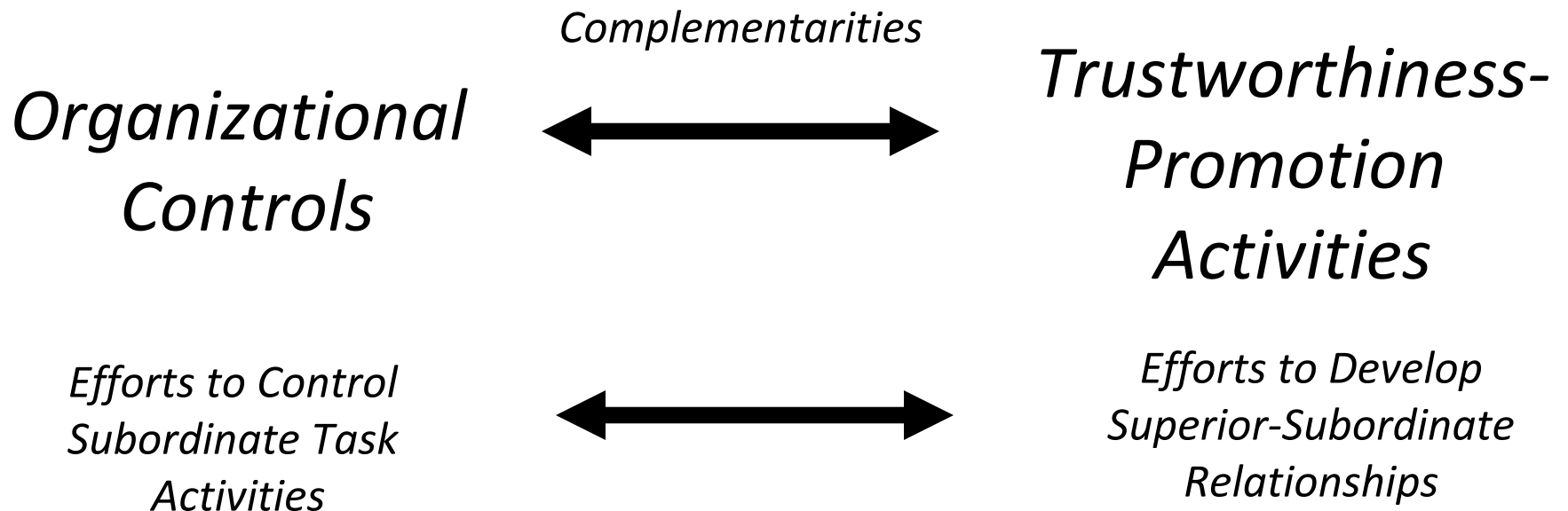
3. Inconsistent conceptualizations of Trust and Control

- Trust and Control as Antecedents, Consequences, Both?

A Managerial Action Perspective

Managers Integrate Complementary Task Control and Trustworthiness-Promotion Activities

- Mutual Reinforcement (Milgrom and Roberts, 1992; Bendersky, 2003)



Why Trust-Control Complementarities?

Establish Control Credibility

Control Credibility = Predictable Benefits

Controls outline parameters of exchange relationships

Managers:

1. Clarify nature of desired subordinate cooperation
2. Provide the general, initial mechanisms to achieve cooperation

and

Subordinates:

1. Clarify what rewards/benefits they can expect to receive from managers in exchange for their cooperation
2. Specify the nature of the relational risks they must undertake

Task Control	Cooperation Conditions	Risks for Subordinates
Output Control	Subordinates suspend desire for rewards until after work is completed.	Rewards will not be provided/received
Process Control	Subordinates must be willing to follow prescribed operational procedures.	Operational procedures will be less than optimal
Input Control	Subordinates must align their identity/interests/skills with organizational requirements	Organization will not value their personal interests

Enhancing Control Credibility

Trustworthiness-Promotion Activities:

Subordinates:

- Manage the risks to subordinates of cooperating with managerial initiatives (Ouchi, 1980; Yukl, et. al., 1993; 1995).
- Help assure subordinates that promised gains/benefits from cooperating with controls will be achieved.

Managers:

- Increase subordinate cooperation with managerial directives (e.g., decrease shirking)

Trust – Control Complementarities

H1. Output Control \longleftrightarrow Demonstrate Behavioral Integrity

- Provide Employees a “Proof Source” (Doney, et al., 1998)
- Assurance that Managers Will Honor Promises (Mayer, et al., 1995)

H2. Process Control \longleftrightarrow Demonstrate Competence

- Assure Subordinate of Managerial Abilities (Lewis and Weigert, 1985)
- Assuage Reliability-Based Concerns (Sitkin and Roth, 1993)

H3. Input Control \longleftrightarrow Demonstrate Benevolence

- Relational Bonding Reduces Agency Costs (Eisenberger, et al., 1986; McAllister, 1995)
- Value Congruence and Socialization (Van Maanen and Schein, 1975)

Subject Parameters

- 119 Managers – Executive Education Program
- 98 Men/20 Women/1 Not Disclosed
- Mean Age: 37 years
- Mean Organization Experience: 6.6 years
- Mean Position Experience: 2.8 years
- Mean Future Tenure: 1.8 years
- Multiple Industries

Measurement

- Factor/Reliability Analyses

Task Control - 3 *Constructs*

1. Input Control (5 Items / $\alpha = .72$)
2. Process Control (4 Items / $\alpha = .86$)
3. Output Control (5 Items / $\alpha = .85$)

Trustworthiness-Promotion - 3 *Constructs*

1. Competence Promotion (5 Items / $\alpha = .68$)
2. Benevolence Promotion (5 Items / $\alpha = .74$)
3. Behavioral Integrity Promotion (3 Items / $\alpha = .73$)

CFA: Chi-square/df = 1.32, CFI = .91, IFI = .91, RMSEA .052.

Regression Results

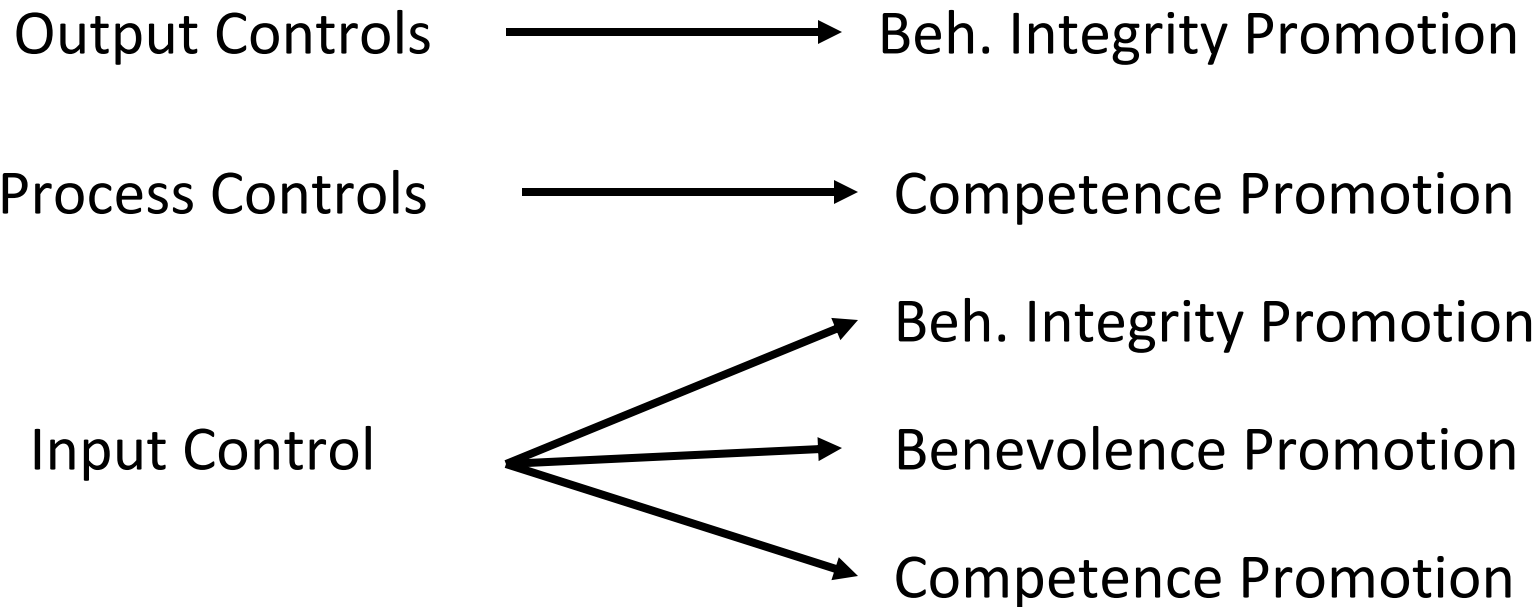
<i>Variables</i>	<i>Demonstrate Behavioral Integrity</i>	<i>Demonstrate Competence</i>	<i>Demonstrate Benevolence</i>
	β	β	β
Manager's Experience in Unit	-.09 **	.05 **	-.27 **
Manager's Task Knowledge	.02	.08 **	.01
S-S Relational Conflict	-.16 +	.06	-.23 **
Input Control	.35 ***	.28 **	.25 *
Process Control	.06	.29 **	.03
Output Control	.20 *	.07	.09
R-Squared	.28 ***	.31 ***	.24 ***

*** p < 0.001; ** p < 0.01; * p < 0.05; + p < 0.10

Summary of Managerial Results

Task Control Activities

Trust-Building Activities



- General Support for Managerial Action Perspective
- Evidence That Managers Integrate Their Trustworthiness-Promotion and Task Control Activities

Control-Trust Relationships

How Do Managers Balance their Efforts to Implement Organizational Controls with Their Efforts to Build Interpersonal Trust?

How Do Managers' Combined Actions Impact the Ways Control and Trust Develop in Organizations?

Theoretical Motivations

Control + Trustworthiness Promotion = Positive and Negative Effects on Interpersonal Trust

Positive Effects on Trust

- Control and Trustworthiness-Promotion are Mutually Reinforcing

(Barney and Hesterly, 1994; Wicks et al., 1999; Das and Teng, 1998)

Negative Effects on Trust

- Subordinates Attribute Managers' Actions to Factors Other Than Trustworthiness

(Sitkin 1995; Weibel, 2007)

Explanatory Mechanisms?

Behavioral Autonomy

Behavioral Autonomy - *The extent to which individuals maintain discretion about how they perform their activities.*

- **Self-Determination Theory** *(Deci and Ryan, 2000)*
 - *Individuals who are provided with autonomy will tend to be more intrinsically motivated for their tasks (Deci and Ryan, 2000)*
- **Identification Theory**
 - *Individuals who are provided more autonomy tend to identify with and internalize their manager's values (Weibel, 2007)*
- **Trust and Control Theory**
 - *Formal controls increase perceptions of control*
 - *Informal controls tend to increase perceptions of trust*

Promoting Behavioral Autonomy

Output Controls

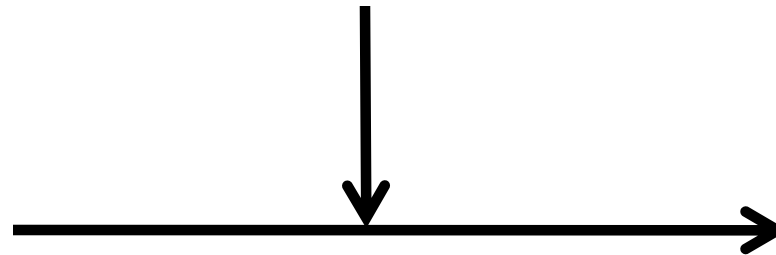
Input Controls



*Permit /Promote
Behavioral Autonomy*

*Managers Permit/Promote
Behavioral Autonomy
(Input and Output Controls)*

*Manager's Efforts to
Promote
Trustworthiness*

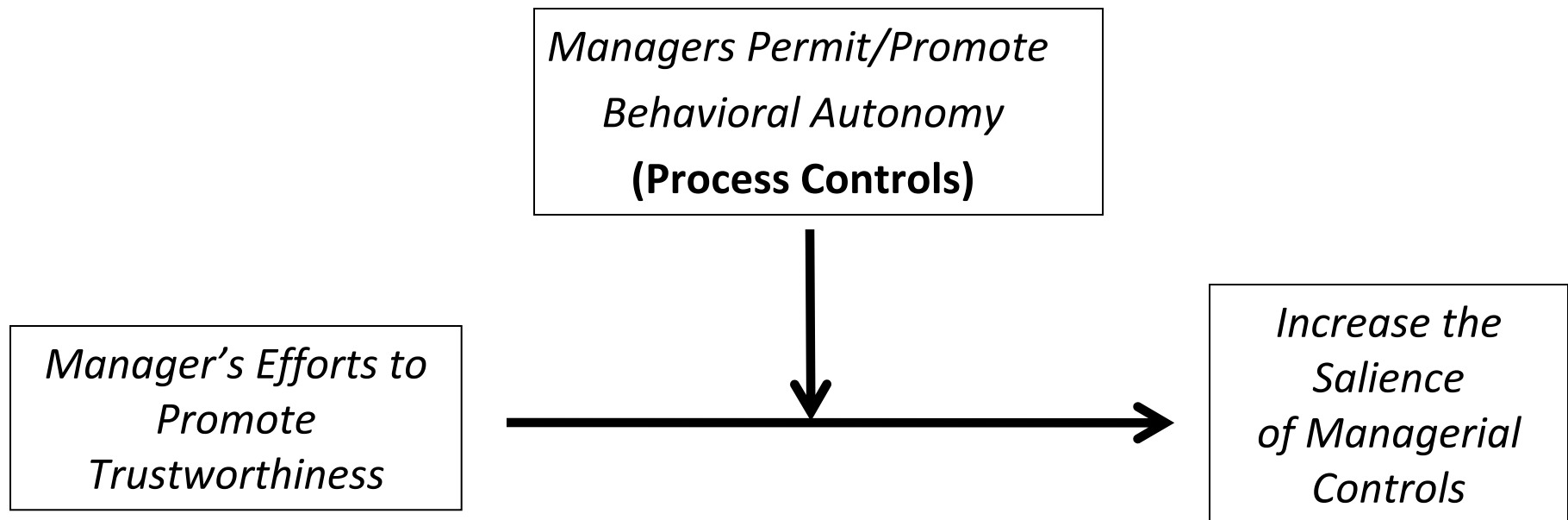


*Increase the
Salience
of Managerial
Trustworthiness*

1. Communicate confidence in subordinates' capabilities
2. Affirm subordinates' attempts to maintain a positive self-image
3. Subordinates believe and seek to internalize manager's values
4. Attribute managers' actions of being motivated by trustworthy intentions

Restricting Behavioral Autonomy

Process Controls → *Restrict/Inhibit Behavioral Autonomy*



1. Communicate a lack of confidence in subordinates' capabilities
2. Threaten subordinates' attempts to maintain a positive self-image
3. Subordinates question and objectify their manager's values
4. Attribute managers' actions of being motivated by control intentions

Subordinates Evaluating Trustworthiness

- 132 Subordinates of Managers
 - Subordinates from 66 Managers Above
 - Subordinates Report on Managerial Control and Managerial Trustworthiness
- Manager Experience in Unit: 2.5 years
- Multiple Industries

Subordinate data collected 1-3 months after managerial data

Perceived Managerial Actions (Mayer and Davis, 1999; Snell, 1992)

- 1. Perceived Managerial Integrity (6 Items / $\alpha = .92$)**
- 2. Perceived Process Control (4 Items / $\alpha = .77$)**
- 3. Perceived Manager Benevolence (3 Items / $\alpha = .73$)**

Regression Results

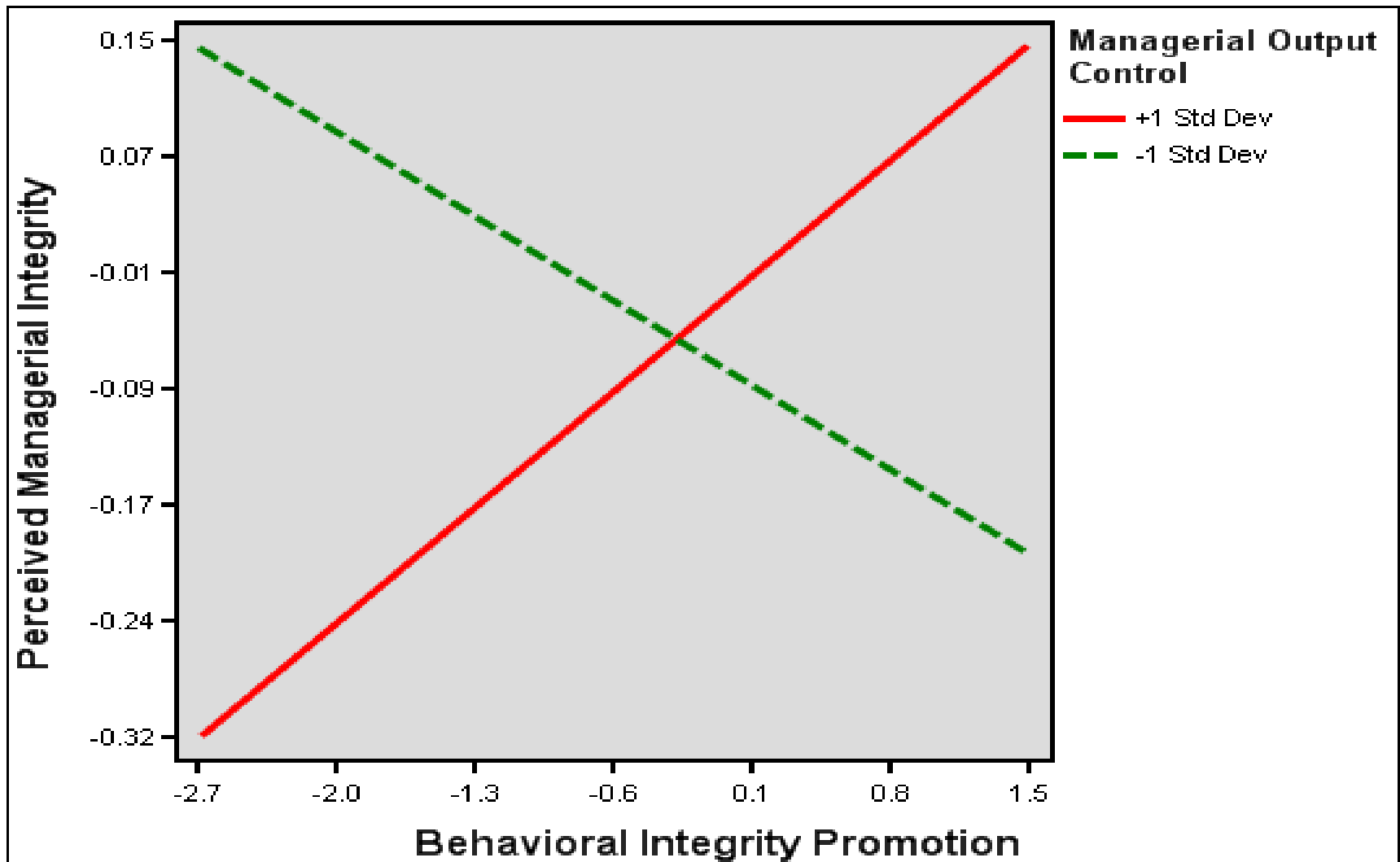
Subordinate Perceptions

<i>Variables</i>	Managerial Integrity	Process Control	Managerial Benevolence
	β	β	β
1. Input Control	.87 **	.95	.98 **
2. Process Control	.48 +	-.52 *	.26
3. Output Control	-.68 +	.90 **	.01
4. Demonstrate Competence	.31 +	-.51	-.07
5. Demonstrate Benevolence	.89 *	.37	.92 ***
6. Demonstrate Behavioral Integrity	-.48 +	.85 *	-.05
7. PC X Demonstrate Competence	-.64 +	.93 *	-.14
8. IC X Demonstrate Benevolence	-2.3 **	-.89	-.98 ***
9. OC X Demonstrate Beh. Integrity	.88 *	-.96 **	-.02
R-Squared	.82 ***	.27 **	.60 ***
R-Squared Change	.02 **	.09 *	.04 *

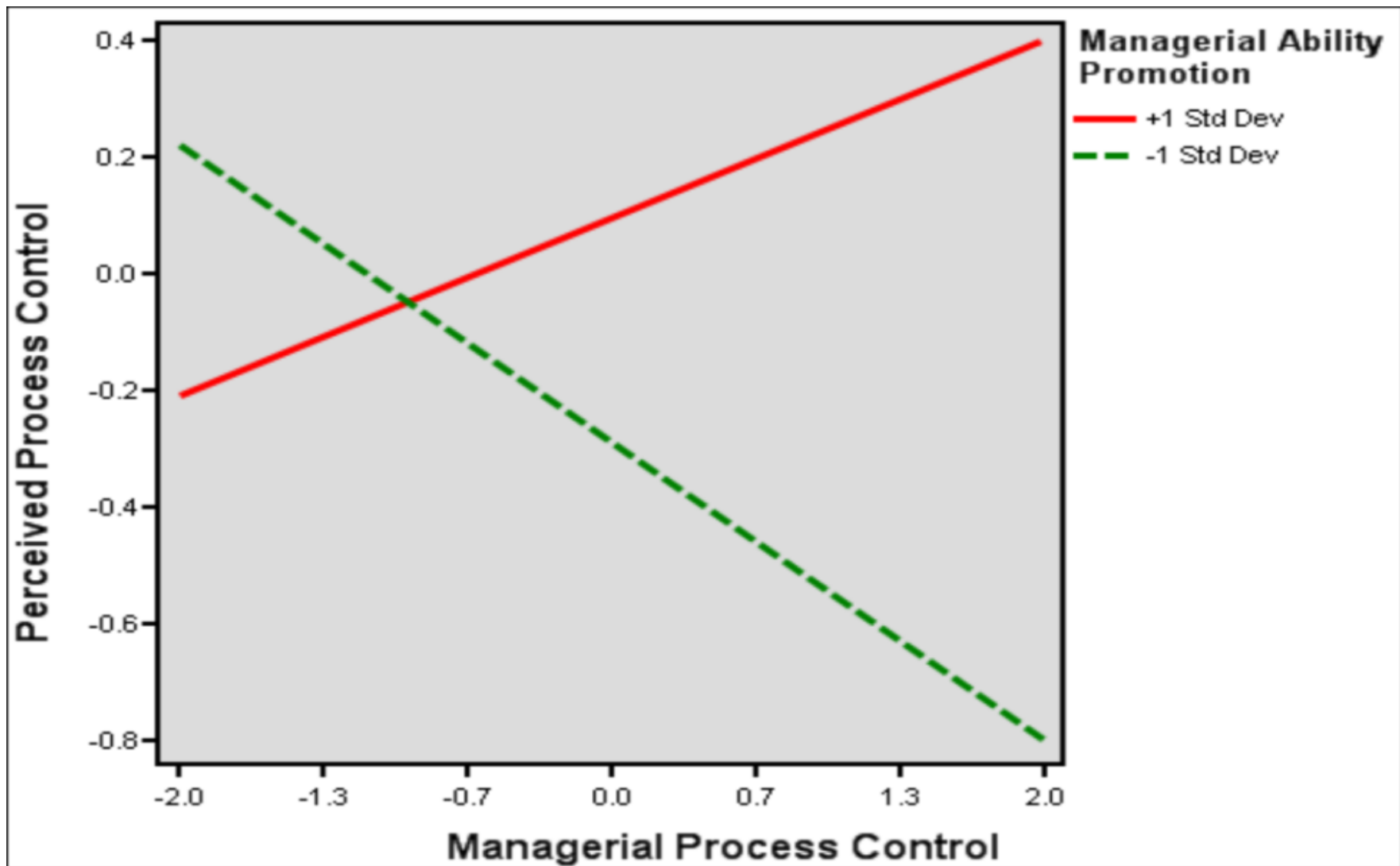
***p< 0.001; ** p< 0.01; *p<.05; +<.10

Controls: Mgr. Exper.; Mgr. Task Knowledge; Subordinate Trust; Team Affiliation (Not Shown)

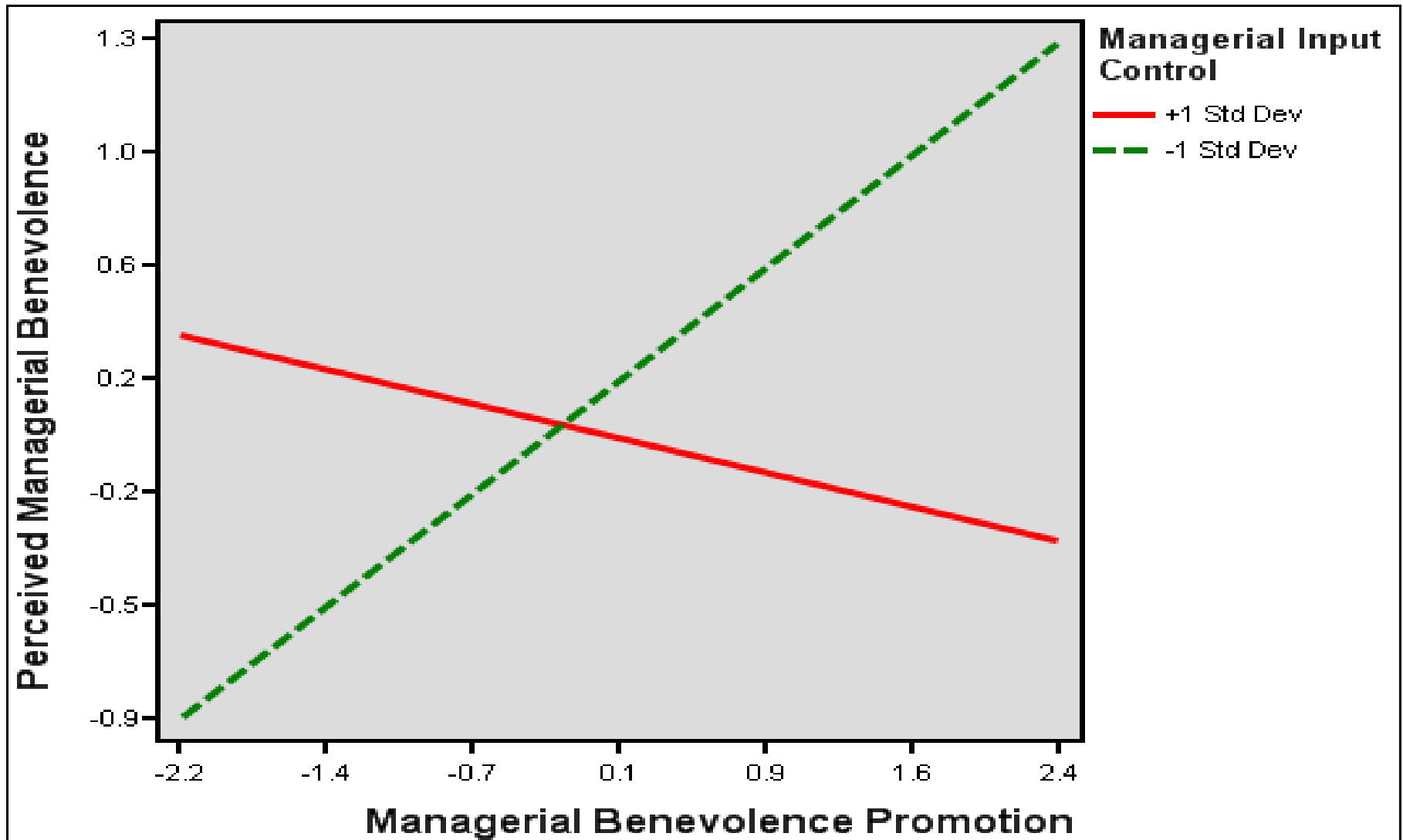
Interaction of Output Control and Behavioral Integrity Promotion on Subordinate Perceptions of Managerial Integrity



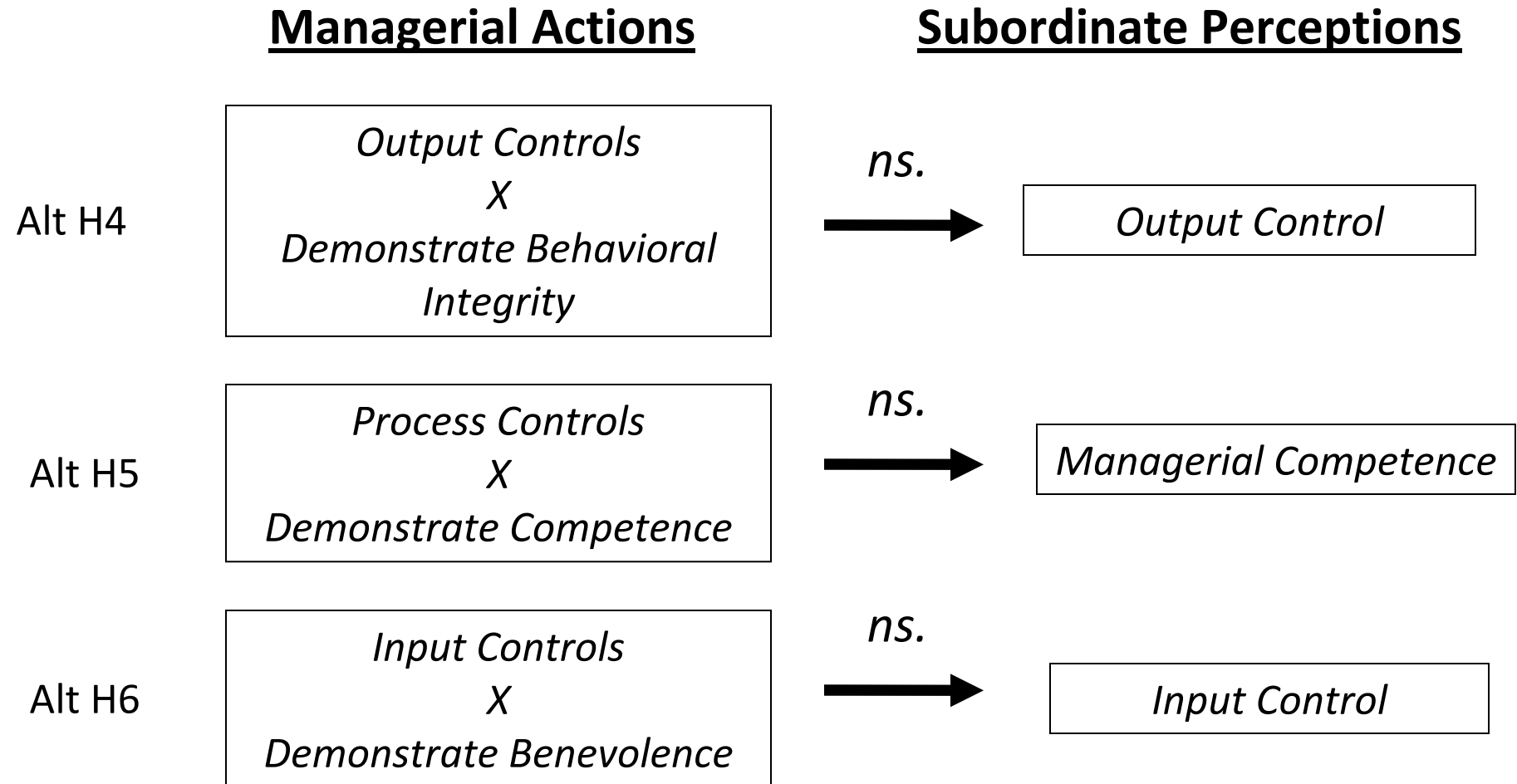
Interaction of Process Control and Competence Promotion on Subordinate Perceptions of Process Control



Interaction of Input Control and Benevolence Promotion on Subordinate Perceptions of Managerial Benevolence



Complementary Effects on Subordinate Perceptions



Concluding Thoughts

- Key General Findings
 - Evidence for Active Managerial Engagement in Trust-Development with Subordinates
 - Managers Integrate their Efforts to Promote Trust and Control
 - Controls are NOT Created Equal: Manager's Efforts to Combine Control and Trustworthiness-Promotion = Differentially Impact Subordinate Perceptions of Trust and Control
 - The Importance of Behavioral Autonomy
- Future Research
 - Causality Issues
 - Factors Determining Control/Trustworthiness-Promotion Choice
 - Alternative Complementarities
 - Look at Different types of Trust/Trustworthiness
 - Managerial Motivations/Measurement Issues