Working Paper

TRUST IN MANAGEMENT: THE EFFECT OF MANAGERIAL TRUSTWORTHY BEHAVIOR AND RECIPROCITY

Pablo Cardona *
Aitziber Elola**

* Professor of Managing People in Organizations, IESE
** Doctoral Candidate, IESE

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Abstract

In this paper we study the antecedents of subordinates' trust in their leaders (STL). In particular, we focus on the effects of managerial trustworthy behavior (MTB) and subordinates' perceptions of leaders' trust in them (LTS). We develop a scale of managerial trustworthy behavior following the typology proposed by Whitener, Brodt, Korsgaard and Werner (1998) that includes: behavioral consistency, behavioral integrity, sharing and delegation of control, communication, and demonstration of concern.

A sample of 109 Spanish middle managers provided data for our study. The results of the hierarchical regression analysis show that both MTB and LTS have a significant relationship with STL. Further, we study the effect of reciprocity in the trusting relationship. We find that there are significant differences between subordinates' trust in management and their perceptions about superiors' trust in them.

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Recent management literature widely acknowledges the importance of trust in organizations. Many works suggest that interpersonal trust is a desirable attribute (e.g. Kramer & Tyler, 1996; Lewicki, McAllister, & Bies, 1998; Mayer & Davis, 1999; Mayer, Davis, & Schoorman, 1995). Several studies link trust with a variety of work behaviors, such as organizational citizenship behavior (Konovsky & Pugh, 1994; Korsgaard, Brodt, & Whitener, 2002; McAllister, 1995), problem solving (Zand, 1972), cooperation (Axelrod, 1984; Deutsch, 1962) and employee performance (Mayer et al., 1999). The results of a recent meta-analytical review also show empirical evidence for these relationships (Dirks & Ferrin, 2002). Dirks and Ferrin (2002) found evidence for significant relationships between trust and each of the attitudinal, behavioral and performance outcomes considered in their analysis.

Despite these findings, several issues still remain to be clarified in the study of interpersonal trust. In this paper we will focus on two of those aspects. First, substantial research focuses on antecedents of trust. However, there is no consensus regarding the measurement of trustworthiness and its relationship with trust (Brockner, Siegel, Daly, Tyler, & Martin, 1997; Konovsky et al., 1994; Mayer et al., 1999; Mishra, 1996). Whitener, Brodt, Korsgaard and Werner (1998) recently developed a framework where they propose managerial trustworthy behavior (MTB) as the antecedent of trust in management. In this paper we build on this framework and empirically test the relationship between the two constructs.

Second, researchers examined trust from a variety of perspectives, such as interorganizational trust (e.g. Gulati, 1995; Ring & Van De Ven, 1994) and interpersonal trust. Even at the interpersonal level, recent literature distinguishes between a leader's trust in a subordinate (LTS) (e.g., Whitney, 1994) and the subordinates' trust in the leader (STL) (e.g., Mishra, 1996; Robinson, 1996). Although LTS and STL may be two different constructs, they could be highly correlated and influence each other (Brower, Schoorman, & Tan, 2000). This relationship, however, has not been empirically tested. In this paper we compare employees' trust in management (STL) and employees' perception of management's trust in them (LTS) and establish the relationship between the two variables.

In sum, this study has two objectives. First, we study managerial trustworthy behavior (MTB) as an antecedent of STL. Second, we analyze the reciprocity between STL and LTS. We use hierarchical regression analysis to examine the relationship between MTB and STL, and between STL and employees' perceptions of LTS. Lastly, we discuss the implications of the results for managerial practice and for future research.

Trust and reciprocity

Recent literature on trust identifies numerous antecedent conditions of interpersonal trust (e.g. Butler, 1991; Currall & Judge, 1995; Dirks et al., 2002; Discroll, 1978; Mayer et al., 1995; McAllister, 1995; Whitener et al., 1998). Many of these studies on interpersonal trust focus on leader-member relationships and analyze conditions of subordinates' trust in management. Potential antecedents of subordinates' trust in leaders (STL) can be classified in three groups: leader characteristics, attributes of the follower such as propensity to trust, and attributes of the leader-follower relationship such as length of the relationship or demographic similarity (see, for example, Dirks et al., 2002).

Most of the research on antecedents of trust identifies and measures the trustor's perceptions, beliefs and attributions about the trustee's attributes. In one of the earliest studies conducted on the subject, Kee and Knox (1970) considered competence and motives as critical elements to trust. Jennings (1971) identified loyalty, accessibility, availability and predictability as conditions of trust. Gabarro (1978) listed nine "bases" of trust: integrity, motives, consistency of behavior, openness, discreetness, functional/specific competence, interpersonal competence, business sense and judgment. Butler (1991) found 10 conditions of trust: availability, competence, consistency, discreetness, fairness, integrity, loyalty, openness, promise fulfillment, and receptivity. These conditions were similar to most of the trust conditions identified by Jennings (1971) and Gabarro (1978). More recently, Mayer and colleagues (Mayer et al., 1999; Mayer et al., 1995) indicated that three characteristics of a trustee appear often in the literature: ability, benevolence, and integrity.

Some authors recently proposed that judgments of trustworthiness are also likely to arise from inferences based on the trustee's behavior (e.g., Korsgaard et al., 2002; Whitener et al., 1998). This behavioral approach underscores the importance of managers' specific behaviors during interactions with employees and maintains that a party may undertake specific actions to become more trusted by others (Mayer et al., 1999). According to Whitener and colleagues (1998), "by focusing on behavior, we go beyond factors that merely create the perception or impression of trust to what supports or constrains actions that promote trust" (p. 514).

Evidence from leadership literature supports this view. For example, Rich (1997) proposed that leaders' role-modeling behavior is responsible for subordinates' trust in leadership. Also, Kirkpatrick and Locke (1996) indicated that a charismatic style may affect trust, and some other researchers suggest that transformational leadership behaviors may be related to trust (e.g., Jung & Avolio, 2000; Pillai, Schriesheim, & Williams, 1999).

Following this line of research, Whitener and colleagues (1998) recently presented a framework that explains subordinates' trust in management. In their model, they identified a series of managerial behaviors that may affect employees' trust in managers. They labeled this set of behaviors *managerial trustworthy behaviors* (MTB), which they defined as "volitional actions and interactions performed by managers that are necessary though not sufficient to engender employees' trust in them" (Whitener et al., 1998: 516). They proposed a taxonomy of five categories of managerial trustworthy behavior derived from research on antecedents of trust (e.g., Butler, 1991; Clark & Payne, 1997): (1) behavioral consistency, (2) acting with integrity, (3) sharing and delegation of control, (4) openness of communication, and (5) demonstration of concern.

According to Whitener and colleagues (1998), managers who engage in this behavior will increase the likelihood that employees will trust them. This behavior will

provide "a necessary, but not sufficient, foundation for employees' trust in supervisors" (p. 516). Laboratory and field experiments demonstrated a positive effect of some of the categories of managerial trustworthy behavior on trust in the manager (e.g., Korsgaard et al., 2002; Korsgaard, Schweiger, & Sapienza, 1995; Lind, 1997). Korsgaard and colleagues (2002), for example, have recently examined two forms of managerial trustworthy behavior (open communication and demonstrating concern for employees) and related them to trust in the manager. They found a positive relationship between the two constructs.

None of the studies, however, has tested the relationship between trust in management and managerial trustworthy behavior with the five categories proposed by Whitener and colleagues (1998). Given the apparent utility of MTB in the study of trust in organizational relationships, we used this model in the present study as a basis to investigate the antecedents of trust. We intend to replicate this relationship between MTB and trust in management, considering managerial trustworthy behavior as the combination of the five behavioral categories identified in the literature (i.e., Whitener et al., 1998). Therefore, we hypothesized the following relationship:

Hypothesis 1. Managerial trustworthy behavior is positively related to employees' trust in the manager.

Trust and reciprocity

According to social exchange principles (e.g. Blau, 1964), employees will be willing to reciprocate the trust and care that a leader may express in a relationship (Dirks et al., 2002; Konovsky et al., 1994; Organ, 1990). However, this reciprocation is not necessarily "balanced" (Brower et al., 2000). It is possible for a leader to trust a subordinate and at the same time for the subordinate not to trust the leader, or vice versa (e.g., Brower et al., 2000; Mayer et al., 1995). Moreover, even if a leader trusts a subordinate and a subordinate trusts a leader, this does not necessarily imply that these trusts are identical. In fact, dyadic trust literature distinguishes between a leader's trust in a subordinate (LTS) (Mishra, 1996; Robinson, 1996) and a subordinate's trust in the leader (STL) (Whitney, 1994).

In addition, each of the constructs can be measured from two different perspectives, depending on which party is responding to the question (i.e. the leader or the subordinate). Thus, four different measurements of trust can be obtained in a leader-subordinate relationship: leader's trust in the subordinate (LTSL), subordinates' perception of leader's trust in them (LTSS), subordinate's trust in the leader (STLS), and leader's perception of subordinate's trust in him/her (STLL) (Brower et al., 2000). Although these distinctions have not been empirically tested yet, following previous literature on LTS and STL we propose the following hypothesis:

Hypothesis 2. There are significant differences between STLS and LTSS.

Trust has often been described as a mutually reinforcing process (Butler, 1991; Zand, 1972). Literature on dyadic trust suggests that one person's trust in another influences the other's trust in that person (Brower et al., 2000; Butler, 1991). The process begins with one's expectations about another's behavior. If one expects that the other party is trustworthy, he/she will disclose information, accept influence, and relax control. As a result, the other party will see one's behavior as trusting and will tend to act with a similar trusting

behavior. This reinforces the initial trusting expectations and trust continues to build. Thus, as one's trust in another reinforces the other's trust in one, trust is a reciprocal phenomenon.

Researchers from a variety of fields have studied reciprocity of trust. Larzelere and Huston (1980) and Butler (1983; 1986; 1991) studied reciprocity of trust in male-female relationships and found that trust was reciprocal. Similarly, Butler (1983) found evidence for reciprocity of trust in professional-secretary relationships. Moreover, Butler (1983) observed that reciprocal trust was much more significant in explaining dyadic trust than was any personality factor or other situational factor of his model. Following this line of research, "it is conceivable that the subordinate's perceptions of LTS will have a direct effect on STL" (Brower et al., 2000). Thus, we propose the following hypothesis:

Hypothesis 3. Employees' perception of management's trust in them (LTSS) has a positive effect on employees' trust in management (STLS).

Method

Sample and Procedure

The data for this study were collected from 124 Spanish middle-managers participating in a managerial development program in a Spanish business school. The average age of the respondents was 36.5 years (SD = 4.06), and their average tenure with their superiors was 4.8 years (SD = 3.92). The majority of respondents (80%) were men.

Surveys were distributed to all participants in this managerial development program and returned directly to us. Response rate was 100%. We eliminated 15 questionnaires because they were incomplete. Thus, our final sample includes data from 109 respondents.

The survey had four sections: one section about subordinates' attitudes toward others in general; another section about their attitudes toward their immediate superior; a third section about subordinates' perceptions of their supervisors' behavior; and finally, a section on demographic data. Unless otherwise noted, all survey items were rated on a 5-point Likert-type scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*), and items were averaged to form overall scales (Lambert, 2000).

Measures

Managerial Trustworthy Behavior (MTB). We developed a scale of MTB following the five categories proposed by Whitener and colleagues (1998): behavioral consistency, acting with integrity, sharing and delegation of control, openness of communication, and demonstration of concern. We followed a deductive, theory-based approach to develop the MTB scale (Hinkin, 1995). Based on a thorough review of the literature, we derived items designed to tap the five categories of the MTB construct. Following Butler (1991), a small number of mistrust items were included in order to break up acquiescence response sets. All other items were positively worded. We then grouped and summarized the items to form a final scale of fifteen items, three items for each category of MTB (see Appendix). Because these scales address the same overall construct labeled as MTB, we combined them to form a single scale (α = .88). The results of the "alpha if item deleted" analysis indicate that no substantial increase in alpha can be achieved by deleting any item.

Trust. We used a direct measure for trust. Despite some authors' constraint for questionnaire development (e.g., Cummings & Bromiley, 1996), several researchers use the word "trust" while measuring trust (e.g., Brockner et al., 1997; Robinson, 1996). Following them, we measured STL with the sentence: "I trust my supervisor", in a 5-point Likert-scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). We also used a direct item to measure subordinates' perceptions of superiors' trust in them (LTSS) (i.e. "I think my supervisor trusts me").

Control variables. We included six control variables. The first two are demographic variables: age and gender. These variables may affect the trusting relationship between a leader and a subordinate (see, for example, Creed & Miles, 1996; Griffin, 1967; Larzelere et al., 1980; McAllister, 1995; Whitener et al., 1998; Zucker, 1986).

Trust is an attitude that evolves over the course of a relationship (e.g., Lewicki & Bunker, 1996). Therefore, we controlled for tenure with the manager to account for any differences in trust resulting from a well-established relationship (Korsgaard et al., 2002).

Furthermore, researchers hold that a trustor will be willing to be vulnerable to a trustee depending on the trustor's propensity to trust other people in general (e.g., Luhmann, 1979; Mayer et al., 1999; Ross & LaCroix, 1996). We controlled for participants' propensity to trust using three items from Schoorman, Mayer and Davis's (1996) eight-item scale. Alpha for our scale was .56, similar to the alpha for the scale with the eight items (.55 and .66) in Mayer and Davis' (1999) study.

Because the nature of the task may make trust more or less relevant, we included a measure of task interdependence in our study (Hosmer, 1995; Smith et al., 1997; 1999; Whitener et al., 1998). We asked about the degree to which managers and subordinates needed each other to perform their tasks effectively.

Finally, researchers hold that perceived ability or competence may be an important antecedent of trust (Butler, 1991; Cook & Wall, 1980; Mayer et al., 1999; Mayer et al., 1995; Mishra, 1996; Sitkin & Roth, 1993). Whitener and colleagues recently suggested that although ability may not engender trust, it may increase the likelihood that employees react positively to MTB (Whitener et al., 1998: 526). We asked subordinates' about their perceptions of managers' ability using three items from Schoorman, Mayer & Davis's (1996) six-item scale. Alpha for this scale was .79.

Results

Descriptive statistics and correlations for all variables are shown in Table 1. We used hierarchical regression, reported in Tables 2, to test Hypotheses 1 and 2, entering the control variables first, the main effects of managerial trustworthy behavior second, and subordinates' perception of managers trust in them last.

Table 1. Descriptive statistics and correlations

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. Gender similarity[a]	.83	.38	–								
2. Age difference[b]	10.64	10.09	.010	–							
3. Tenure with manager	4.70	3.97	−.105	.150	–						
4. Task interdependence	4.06	1.04	−.022	.011	-.039	–					
5. Propensity to trust	2.96	.53	.009	.129	-.175	.150	–				
6. Ability	4.07	.76	−.128	.112	.021	.319**	−.057	-			
7. MTB	3.67	.64	−.167	.116	.107	.234*	−.111	.659**	–		
8. LTSS	4.03	.75	−.145	.150	.203*	.222*	−.013	.468**	.568**	–	
9. STLS	3.83	.95	−.263**	−.008	.170	.318**	.003	.638**	.737**	.694**	–

Note 1. [a] Gender similarity was coded 1 = same gender, 0 = different gender.
[b] Age difference = Superior's age – subordinate's age.
*p<.05.
**p<.01.
Note 2. Statistics for mean comparison between STL and LTS:
Mean difference: -.20 (SD = .69)
t = -3.05, df = 108; p<.01

In the first step, we regressed STLS onto gender similarity, age difference, tenure with the manager, task interdependence, propensity to trust, and perceived manager's ability. The results of this regression are presented in Step 1 in Table 2. Three of the independent variables were significant predictors of trust: gender similarity, tenure with manager and perceived manager's ability.

Table 2. Hierarchical regression analysis for the effects of MTB and STLS on trust in management

Variable	Step 1 ß	Step 1 t (102)	Step 2 ß	Step 2 t (101)	Step 3 ß	Step 3 t (100)
Gender similarity	−.42*	−2.32	−.31*	−2.06	−.28*	−2.07
Age difference	−.01	−1.48	−.01*	−2.18	−.01**	−2.81
Tenure with manager	.04*	2.35	.03*	2.21	.02	1.46
Task interdependence	.11	1.64	.09	1.56	.07	1.31
Propensity to Trust	.12 .86	.19	1.69	.16	1.56	
Ability	.74**	7.72	.32**	3.13	.25**	2.75
MTB			.80**	6.72	.57**	5.07
LTSS			.45**	5.39		
R2		.49	.65	.73		
F		16.32**a		26.51**b		33.29**c
ΔR2				.16		.08
F for ΔR2				128.79**d		106.00**e
N		109		109		109

*p<.05.
**p<.01.
[a] df = 6, 102.
[b] df = 7, 101.
[c] df = 8, 100.
[d] df = 1, 101.
[e] df = 1, 100.

Hypothesis 1 predicted that MTB is positively related to subordinates' trust in managers. As shown in Step 2 in Table 2, this hypothesis was supported by a significant and positive beta for the relationship between managerial trustworthy behavior and subordinates' trust in the manager. Although gender similarity, age difference, tenure with manager and perceived managerial ability are also significantly related to STL, the results provide (strong) support for the assertion that MTB has effects on trust beyond control variables.

Hypothesis 2 posited that STLS and LTSS are not equal. The study of the correlation between the two constructs shows that they are highly correlated (r = .694**, **p<.01). We performed a paired-samples t-test to compare the means of LTSS and STLS. The results in Note 2 of Table 1 show that LTSS is significantly different from STLS. Thus, the results confirm Hypothesis 2.

Hypothesis 3 predicted that subordinates' perception of managements' trust in them (LTSS) is positively related to subordinates' trust in management (STLS). To test this hypothesis, we introduced the variable LTSS in the hierarchical regression analysis. As shown in Step 3 in Table 2, this hypothesis was supported by a significant and positive beta for the relationship between LTSS and STLS. The results in Table 2 show that demographic similarity (both gender and age), perceived managerial ability, MTB and LTSS were significantly related to STLS in our study.

Discussion

We found three main antecedents of subordinates' trust in leaders (STL): MTB, LTS and personal characteristics (i.e., perceived managerial ability and demographic similarity). These results both provide additional evidence on which characteristics lead to trust and incorporate new variables to antecedents of trust models.

We constructed a scale to measure MTB and tested the relationship between MTB and STL. Recent research (e.g., Korsgaard et al., 2002) already found a significant relationship between some of the categories of MTB and trust in management. However, to the best of our knowledge, this is the first study that incorporates the five behavioral categories introduced by Whitener and colleagues (1998). The results with this scale were consistent with earlier findings concerning the relationship between managers' behavior and trust (see, for example, Dirks et al., 2002; Korsgaard et al., 2002). Thus, the results of this study support the validity of MTB as an antecedent of trust in management-employee relationships.

Another contribution of this study focuses on understanding reciprocity of trust in leader-follower relationships. Two major results may be highlighted from our study. First, results of the hierarchical regression analysis confirm that LTSS is positively related to STLS, beyond subordinates' perceptions of MTB. This result provides additional evidence that when subordinates perceive their leader trusts them, they tend to reciprocate and increase their trust in him or her. This result supports previous studies on reciprocity (e.g., Butler, 1983; 1986). Second, there are significant differences between STLS and LTSS. This result is consistent with the statement of Brower and colleagues (2000), who asserted that even if there is reciprocity in trust, reciprocity does not necessarily mean that trust is "balanced". We replicated in leader-subordinate dyads.

Finally, personal factors also affected employees' trust in management (STL). In our final model, demographic similarity (both gender and age) and perceived managerial ability were significantly related to trust. The literature suggests that demographic similarity will be positively related to trust in management (e.g., Brower et al., 2000; McAllister, 1995). The results regarding age difference are consistent with the literature. However, our results show a negative effect of gender similarity on trust. One possible explanation for this effect may be found in the small number of female superiors in the sample (6%). Because of this, our study measures the trust in male superiors. Our results indicate that female subordinates may trust male supervisors more than do male subordinates. The effect of perceived managerial ability on trust was also consistent with results from previous studies, which show a positive impact of perceived managerial ability on trust (e.g., Mayer et al., 1999).

Other individual differences such as propensity to trust, tenure with manager and task interdependence were not related to STLS. These results were consistent with the recent meta-analysis conducted by Dirks and colleagues (2002) on the antecedents of trust. They found that tenure with manager had no relationship with trust, propensity to trust had only a small relationship with it, and task interdependence was not even considered as an antecedent.

This study has several limitations. First, in this paper we made a first attempt to build a MTB scale. Although the scale showed a high internal reliability, the development of the MTB scale is still in its early stages and the distinction between the five categories of MTB proposed by Whitener and colleagues warrants more attention. Future studies should analyze whether some of those categories are more important than others in terms of their impact on trust.

Second, the results of the study were based on the analysis of correlations. Conclusions about direction of causality, therefore, could not be obtained from our data. Moreover, we studied trust at a specific point in time. Longitudinal studies should be performed to obtain stronger evidence of causal relationships (Korsgaard et al., 2002), and to study stages of trust (Lewicki et al., 1996). Third, we collected data from a specific national culture. Trust relationships may depend on cultural characteristics (e.g. Whitener et al., 1998). Thus, our results need to be confirmed in different cultural settings.

Fourth, we only included demographic similarity as a measure for perceived similarity. Despite these objective measures of similarity, other dimensions such as shared values and value congruence deserve researchers' attention (Jones & George, 1998; Kramer, 1999; Lewicki et al., 1998; Sitkin et al., 1993). Finally, we relied on employees' self-reports to collect all our data. We asked subordinates both about their psychological states (i.e. trust in management) and their perceptions of supervisors' behavior and supervisors' trust in them. Potential common methods variance problems arise from our data (Podsakoff & Organ, 1986).

This study has important implications for managers. Our results show that, together with certain personal characteristics, there are specific behaviors that promote trust in the manager. Given that trust is a critical attribute in the relationship between the leader and the subordinate, managers should strive to engage in these behaviors.

Our study focuses on the subordinates' perception of the trusting relationship. Future studies should also measure trust from the leaders' perspective and test whether or not measures from the two sources converge. Also, future research should examine how the variables analyzed in our study relate to possible outcomes of trust, such as willingness to cooperate and organizational citizenship behavior.

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Appendix

Measure of MTB, ability and propensity to trust

The following instructions prefaced the scales. The anchors shown below were consistent throughout. Headings of construct names are for clarity of exposition, and were not included in the surveys.

Indicate the degree to which you agree with each statement by using the following scale:

1	2	3	4	5
Disagree strongly	Disagree	Neither agree nor disagree	Agree	Agree strongly

Think about your immediate superior in your organization. For each statement, write the number that best describes how much you agree or disagree with each statement.

Managerial Trustworthy Behavior

1. My superior cannot easily be influenced by pressures of the moment.
2. My superior's behavior gives stability to the team.
3. My superior always tells the truth.
4. My superior's behavior is coherent with his/her values.
5. My superior counts on me to make decisions.
6. My superior gives autonomy to his/her people on their job.
7. My superior listens to others' opinions.
8. My superior is convincing when communicating his/her vision (of the themes).
9. My superior stimulates and helps his/her subordinates to overcome their limitations and to attain their potential.
10. My superior is concerned about others.
11. The behavior of my superior is unpredictable (R).
12. My superior does not fulfill promises (R).
13. I continuously feel controlled by my superior (R).
14. My superior does not provide the necessary information in a timely fashion (R).
15. My superior is not sensitive to what happens to his/her people (R).

Ability (adapted from Schoorman et al., 1996)

1. My superior is very capable of performing his/her job.
2. My superior is known to be successful at the things he/she tries to do.
3. My superior is not well qualified to perform his/her job correctly (R).

Propensity to trust (from Schoorman et al., 1996)

1. One should be cautious with strangers.
2. Most people can be counted on to do what they say they will do.
3. These days, you must be alert or someone is likely to take advantage of you.