To control and build trust: How managers use organizational controls and trust-building activities to motivate subordinate cooperation

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ABSTRACT

This paper describes how managers attempt to motivate subordinate cooperation through the actions they take to apply controls and build trust. Results obtained from interviews and a survey of practicing managers detail how managers work to motivate particular types of subordinate cooperation using specific forms of control and demonstrations of their trustworthiness. These results also indicate that relationships between the forms of cooperation managers seek to promote and their demonstrations of trustworthiness are mediated by the controls they apply. Three relationships are identified in this study. Managers' applications of results controls mediate the relationship between their desires to motivate superior-subordinate work coordination and their demonstrations of reliability; 2. Managers' applications of action controls mediate the relationship between their desires to motivate subordinate job engagement and their demonstrations of competence; 3. Managers' applications of personnel controls mediate the relationship between their desires to motivate positive interpersonal relationships with their subordinates and their demonstrations of benevolence. These findings advance our knowledge of fundamental relationships in control-trust dynamics by presenting observations of managers' trust-building activities, displaying how managers' trust-building activities are related to the controls they apply, and delineating how managers attempt to motivate subordinate cooperation through applications of particular forms of controls and demonstrations of their trustworthiness.

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1. Introduction

The contents of this paper examine a fundamental managerial dilemma — how managers seek to control their subordinates while also attempting to elicit their subordinates' trust (Ross, 1994). The efforts managers make to control their subordinates describe the actions they take to specify, measure, monitor and incent subordinates' work efforts in directing them to achieve performance objectives, plans, and standards (Cardinal, 2001; Dekker, 2004; Fayol, 1949; Ouchi, 1979). The efforts managers make to foster trust describe how they encourage their subordinates' willingness to be vulnerable to them by increasing their confidence that they share their values and will promote their interests (Rousseau, Sitkin, Burt, & Camerer, 1998).

This research is motivated by observations in the accounting and organizational literatures that show how when managers produce effective levels of both control and trust they encourage their subordinates to cooperate with them to accomplish key strategic and operational goals. However, while scholars generally acknowledge that managers work to balance their efforts to promote control and trust, scholars are still unable to explain what managers actually think about and do regarding these activities (Adler, 2001; Bradach & Eccles, 1989; Emsley & Kidon, 2007; Long & Sitkin, 2006, 2018; Ouchi, 1980; Whitener, Brodt, Korsgaard, & Werner, 1998). This is because control-trust researchers have focused almost exclusively on evaluating trustors' perceptions and have yet to really examine how managers address (if at all) the challenges of concurrently applying controls and fostering trust in the efforts they make to direct their subordinates (Chenhall, Hall, & Smith, 2013; Long & Sitkin, 2006, 2018; Long, 2010; Sitkin & George, 2005; Whitener et al., 1998).

In addressing these issues, the research presented in this paper focuses on the experience of managers to outline a detailed picture of how they address issues of control and trust in their managerial activities. To break new theoretical ground, the approach taken here builds on the scholarly tradition of Ahrens (1997), Jonsson (1998), and Hall (2010) who each have informed accounting and

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organization theory from direct evaluations of managers' thoughts and action-based descriptions (Ahrens & Chapman, 2006). Specifically, this examination employs a qualitative followed by a quantitative investigation in a sequence used in previous research of this type (e.g., Bunderson & Thompson's (2009) work on vocational "calling"; Anderson, Christ, Dekker, & Sedatole's (2013) work on risk perceptions) to develop accounts of how managers motivate subordinate cooperation through the efforts they make to apply organizational controls and foster subordinate trust (Merchant & Van der Stede, 2007; Merchant, Van der Stede, & Zhang, 2003). This multi-method examination begins with a set of grounded interviews where practicing managers from a variety of industries describe how they conceptualize "trust," motivate subordinate cooperation, and attempt to generate both control and trust in their work units. Thereafter, a survey of practicing managers is used to empirically evaluate the hypotheses that are generated from the content-based analyses of these managers' accounts.

The results generated by this study advance our understanding of how managers address control-trust dynamics in several important ways (Grabner & Moers, 2013; Long & Sitkin, 2018; Long, 2010; Tomkins, 2001). First, this study provides evidence that managers distinguish their efforts to apply controls (apply results, action, and personnel controls) from the efforts managers make to demonstrate their trustworthiness (demonstrate their reliability, competence, and benevolence). Second, these studies show that managers attempt to motivate three forms of subordinate cooperation (motivate superior-subordinate work coordination, subordinate job engagement, and positive interpersonal relationships with subordinates) by applying particular forms of control and by demonstrating their trustworthiness in ways that align with the types of cooperation they are seeking to generate. Third, this research displays how the efforts managers make to apply controls mediate relationships between their desires to motivate subordinate cooperation and the efforts they make to demonstrate their trustworthiness.

This study begins with a review of theories about how managers address control and trust issues in directing their subordinates. Following this, qualitative analyses are used to develop a series of theoretically grounded hypotheses about how managers apply controls and demonstrate their trustworthiness. These hypotheses are then tested using a survey of practicing managers. The summary discussion that follows describes how these findings help to reconcile the currently limited, largely inconsistent and often conflicting perspectives about how managers apply controls and build trust in organizations (Bachmann, 2001; McEvily, Perrone, & Zaheer, 2002; Merchant & Otley, 2007; Weibel, 2007).

By showing how managers attempt to foster subordinate cooperation through their applications of controls and demonstrations of their trustworthiness, this paper augments our understanding of control-trust dynamics in several ways. Notably, this research provides strong and clear evidence that managers actively seek to gain the trust of their subordinates and that those actions are systematically related to the controls they apply. As a result, these findings should lead scholars to view the efforts that managers make to apply controls and build trust as fundamental factors that they use in directing and empowering their employees to achieve a range of important organizational objectives (Bradach & Eccles, 1989; Chenhall, 2003; Dekker, 2004; Emsley & Kidon, 2007; Langfield-Smith & Smith, 2003; Vosselman & van der Meer-Kooistra, 2009).

2. Theory

Control and trust comprise fundamental ways for authorities to direct and motivate subordinate compliance and cooperation (Anderson, Christ, Dekker, & Sedatole, 2013; Coletti, Sedatole, & Towry, 2005; Emsley & Kidon, 2007; Ross, 1994; Vosselman and

van der Meer-Kooistra, 2009; Weibel, 2007). Managers use controls to communicate expectations, provide feedback, and reinforce their subordinates' work performances in ways that help to ensure "that resources are obtained and used efficiently and effectively to achieve the organization's objectives" (Merchant & Otley, 2007, p. 788; see also:; Chenhall, 2003; Otley, 1980). In applying controls, it is also important for managers to gain their subordinates' trust. When subordinates trust their managers they are more willing to comply and cooperate with their directives because they are more confident that those managers share their values and are working to promote their interests (Weber, Malhotra, & Murnighan, 2004).

A key challenge for managers seeking to promote subordinate cooperation is that they must manage the inherent tensions between control and trust. These tensions exist because control and trust motivate individuals through related but distinct and often opposing psychological mechanisms (Christ et al., 2013; Coletti et al., 2005; Emsley & Kidon, 2007; Ross, 1994; Vosselman & van der Meer-Kooistra, 2009; Weibel, 2007). The primary tension is this: While subordinates tend to trust managers who reinforce their sense of self-determination, managers' control actions often signal to their subordinates that they lack confidence in them, that they want to restrict their autonomy, and that they do not share their values and interests (Bijlsma-Frankema & Costa, 2005; Christ, Sedatole, Towry, & Thomas, 2008; Das & Teng, 1998, 2001; Ferrin, Bligh, & Kohles, 2007; Inkpen & Currall, 2004; Sitkin & Roth, 1993). Because of these tensions, managers who use control and trust to foster subordinate cooperation must face a persistent and omnipresent dilemma. If they apply controls too strongly, they may compromise their subordinates' trust and, thus, fail to sufficiently motivate their subordinates to willingly comply with their directives (Blau, 1964; Christ et al., 2008; Long & Sitkin, 2006; Weibel, 2007). If, on the other hand, managers focus too much on trying to get their subordinates to trust them, they may ultimately fail to provide those subordinates with directives that are strong and clear enough to encourage their cooperation (Dekker, 2004; Emsley & Kidon, 2007; Long, 2010:; Spreitzer & Mishra, 1999).

Amidst this complex relational milieu and active theoretical debates, advances in our knowledge of these relationships over time have helped scholars approach consensuses in two areas of control-trust dynamics. First, scholars now generally agree that if managers can effectively balance their efforts to implement controls and foster trust with their subordinates, they will be able to effectively direct their subordinates' work activities and empower those subordinates to cooperate with them in achieving a variety of organizational objectives (Bachmann, 2001; Bijlsma-Frankema & Costa, 2005; Costa & Bijlsma-Frankema, 2007; Mellewigt, Madhok, & Weibel, 2007). Second, scholars also generally acknowledge that managers maintain at least an interest in balancing the levels of control and trust they generate in their superior-subordinate relationships (Cao & Lumineau, 2015; Emsley & Kidon, 2007; Mellewigt et al., 2007; Poppo & Zenger, 2002; Vélez et al., 2008).

2.1. Framing the managerial perspective

Although significant progress has been made towards understanding the important and influential roles that control and trust play in organizational performance, fundamental questions remain to be answered regarding how managers actually address these concerns in directing their employees. For example, scholars have yet to firmly establish whether managers actively engage in trust-building at all and whether they view the actions they take to apply controls as distinct from those they take to build trust. In addition, scholars have yet to clearly conceptualize how managers think about and act to apply controls and foster trust perceptions among subordinates in their work units (Biljsma-Frankema &